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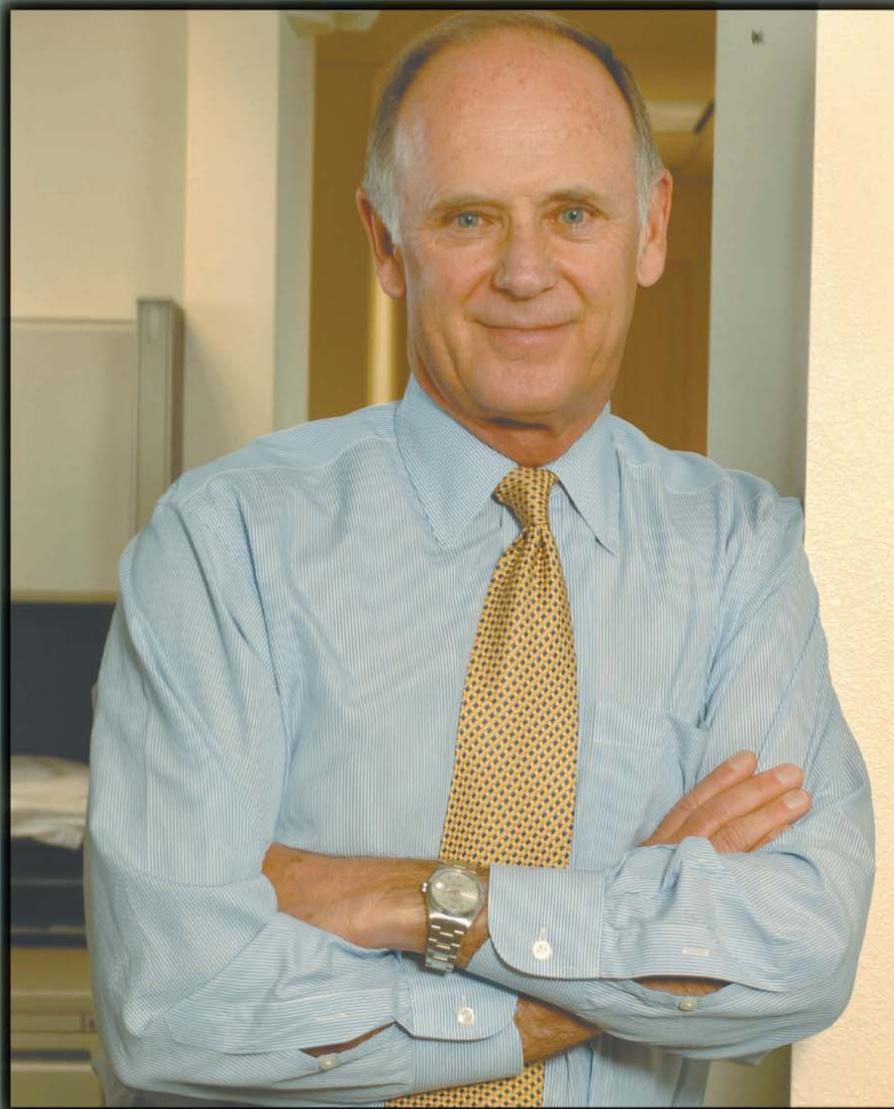
Norm Cates'

THE Club Insider

NEWS

FEBRUARY 2008

The "Pulse" of the Health, Racquet and Sports Club Business



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THE Club Insider

NEWS

The "Pulse" of the Health, Racquet and Sports Club Business

Cliff Buchholz...a Man of Values, Vision, Conviction and Caring

By Ray Gordon

Rarely does life provide you with an opportunity to work with a man who personifies the best traits in the industry. His Miramont Lifestyle Fitness Clubs reflect the ideal image of successful clubs you envision when you go to IHRSA conventions. You know... clubs where the members are mostly happy, monthly debit is consistently growing and the net membership numbers are climbing

rapidly.

Cliff Buchholz is a man of:

Values: gives back to his community, members and staff.

Vision: studies and analyzes what it takes to be the best and stay the best.

Conviction: knows the value of his clubs to the Ft. Collins community. Aware of, but not fearful of, the low-priced competition.

Caring: is not just about dollars and cents. Cliff

really has a burning desire to help his managers, staff and people around him to be the best they can be.

When you read his account of his career please take time to absorb some of the successful methods that Cliff employs to make the Miramont Lifestyle Fitness Clubs so successful. Use anything that you learn to improve your clubs' value in your community, and I'm sure that you would make Cliff proud.

There will be two interviews in this article. One is with **Cliff**, the other is with **Club Managers:** Chris Ramers, Manager/North Club; Shane Hunsinger, Manager/South Club; and Martin Johns, Sales Manager of both Miramont Lifestyle Fitness clubs, Ft. Collins, Colorado

Cliff: I will share this with you; my father was a tennis coach and he probably had more national and international champions than any-

(See *Cliff Buchholz* page 16)



Miramont South
Fort Collins, Colorado

VFP Achieves 500 Club Milestone An Interview With CEO Daron Allen

CLUB INSIDER (CI)
- Well Daron, it seems like yesterday when we had lunch together here in Atlanta and I had the opportunity to catch up with your great work with Visual Fitness Planner. If I recall, it was July 2003 (or was it 2004?) and you had about 150 clubs involved in VFP at that time. Now you have over 500 clubs using VFP as a tool and providing the great program to their members. Please tell us about the many

new innovations in Visual Fitness Planner since that time.

Daron "Rocketman" Allen - (DA) - Well Norm, it does seem like yesterday! It is a very exciting time for our company now that we have surpassed 500 clubs using the Visual Fitness Planner, and it has been a very interesting and educational journey. The reason that I say educational is actually very important to the success of Visual Fitness Planner. For

several years we made nice progress, but by my standards, it was moderate progress in growing our customer base. It was not until mid-way through 2005 that I learned a valuable lesson from several different customers and prospects. These were large operators who said to me, "Daron, we love your technology, but we are not willing to change the way we do business or force change on our organization. What we need

is for you to adapt your technology to our systems." Our decision to begin customizing our technology platform for individual customers has brought about amazing results for Visual Fitness Planner. Since that time, nearly three years now, we have only lost two customers who chose to have us integrate our technology into their systems. This has led to incredible innovation of our technology

(See *VFP* page 20)



VFP's Daron Allen

"Insider Speaks"

Remember Mr. Smith goes to Washington?
By CheckFree's Randy Ivey – See page 6

RAY WILSON weighs in on
MARK MASTROV'S DEPARTURE
See Norm's Notes page #4.

• Inside The Insider •

- Remember Mr. Smith goes to Washington? • Thanks to this month's contributors! • Maximizing New Years' Revenue Opportunities
- Happy Birthday to Ray Wilson now 80! • What to do When You Don't Have the Ball! • IHRSA legislative alerts! • Strategic Thinking For The Big Chill
- YMCAs target overweight and obese! • IHRSA Announces 4th Annual Technology Summit • Exercise keeps body cells young!
- IHRSA Clubs Performing Well • Geoff Dyer continues at Lifestyle. • Clubs for Cure Rolling! • Denis O'Leary joins Fiserv Board.
- Sales Makers Presents Webinars for BTS Clubs. • Body Training Systems signs Alaska Clubs! • Tim Richards' On ECONOMIC DOWNTURNS.
- MARTINA NAVRATILOVA at IHRSA 2008! • Retention Management Strong in 2007. • MFA Honors High Achievers!
- Congratulations Justin Cates on 4.0 finish!

Norm's Notes

Thank You

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• Hello everybody! This is your friendly **CLUB INSIDER News Publisher** Since 1993 checking in! Here comes the news! I do hope to see you in **San Diego at IHRSA2008!**

• Thanks to **RAY GORDON**, the Founder of **Sales Makers**, for his contribution this month of the terrific cover story about **CLIFF BUCHHOLZ** 'Miramount Clubs' in Fort Collins, Colorado. Additionally, thanks to **CheckFree's RANDY IVEY** for his page 6 "Insider Speaks" column entitled: "Remember Mr. Smith Goes to Washington?", about participation in **IHRSA's 6th Annual Legislative Summit** in May. And, thanks to **JEFF MASTEN, WILL PHILLIPS, CASEY CONRAD** and **TIM RICHARDS** for their excellent article contributions this month. Also, please notice and keep the **IHRSA Exhibitor list** on this page so you can meet and do business with our advertisers who are exhibiting in **San Diego** at the **2008 IHRSA Trade Show**. And, I urge you to support all of our advertisers as they are all great people with great products and services and they sig-

nificantly contribute to taking **The CLUB INSIDER News** to press every month.

• **Happy Birthday** to **MR. RAY WILSON** who turned 80 on February 16th. WOW! What an exercise devotee...he works out two hours a day and then several times during the night to deal with a chronic back injury he suffered 60 years ago as professional wrestler. The man has been involved in the health club industry for 59 years. In a Sunday conversation I asked Mr. Wilson: "What do you think of what's happening at 24 Hour Fitness (Re: the departure of **MARK MASTROV** and several key people)? He replied: "Norm, I believe that Mark Mastrov is the greatest person that I have ever witnessed in the fitness industry. As you know, and as you reported in 1995 in your **CLUB INSIDER News**, I sold my Family Fitness Center, 72-location chain to Mark's **24 Hour Fitness**. After the sale I was on the 24 Hour Fitness Board of Directors and served as Mark's Advisor for over eight years. I met **CARL LIEBERT**, the new CEO of 24 Hour Fitness, a few months ago at the annual 24 Hour

Fitness production seminar in Las Vegas. Carl is an impressive guy and was honoring Mark at this seminar and requested that I speak about Mark. I intended to give my short speech and then leave. However, I was so impressed by Carl, and the way he was conducting the meeting, that I stayed for more than two hours. Carl reminds me of Don Wildman in many ways. About Mark's departure from 24 Hour Fitness, it seems to me to be a normal development when a new owner acquires a company. In such transactions they eventually put in their own regime. In observing many club deals over the years, I've seen it generally accomplished in one to two years. So, this 24 Hour Fitness transformation fits the transitions I've seen in the past. **There can never be two generals, if you are going to accomplish a successful campaign.** When Mark Mastrov had thirty-two clubs and acquired my 72 clubs in Southern California, Mark keep me around for a year in order to avoid shaking up the Family Fitness troops. Mark, with his remarkable emotional intelligence, respected me and kept me as his Advisor and on his Board for over eight years. During that time Mark absorbed everything that I had learned in my 50 plus years of being a leader in our industry. This change was an exception. Most acquisitions follow the less than two-year program to transition to new leadership."

• **IHRSA 2008** in **San Diego** is March 5-9th. Don't miss it! Great keynote speakers, including **BOB WOODRUFF**, "In An Instant" and **KJELL A. NORDSTROM**, Ph.D. Author & Global Business Visionary, will give a presentation called: "Funky Business", **DICK VITALE**, College Basketball Analyst, ABC Sports and ESPN will speak on "The Game of Life" that I bet will be fun, Ronald Davis, MD, **President, American Medical Association** will address "Improving the Health of the Nation Through Policy,



Norm Cates, Jr.

Lifestyle & Treatment and **RICK CARO'S 12th Annual Financial Panel: An Updated Financial Outlook on the Club Industry** will take place on Thursday, March 6 from 1PM to 2:30 PM at the IHRSA 2008 Convention. The Financial Panel is a can't-miss highlight of the IHRSA 2008 for senior industry executives and club leaders from small to large club companies. Experts from the financial community include leaders from private equity, investment banks, and equity analysts who will provide their independent perspective on both specific club companies and the industry as a whole. **IHRSA Founder**, Rick Caro's annual panel is just one of a wide array of presentations involving 140 speakers and a trade show with 425 exhibitors to be at IHRSA 2008 in San Diego. On Friday evening, March 7th, **Augie's Quest** will host a great fundraising event called "**Augie's Beach Bash**" and this will be a must attend evening to remember. But, remember this. There is **NOTHING more valuable** to be obtained from your attendance at IHRSA's 27th Annual Convention and Trade Show than **NETWORKING**...meeting and getting to know and linking with club owners and operators from over 70 countries around the world. The **NETWORKING**, in and of itself, is worth the convention registration fee and hotel/airfare expenses! **Be there! Call IHRSA now at: (800) 228-4772.**

• **These items just**
(See Norm's Notes page 10)

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Remember Mr. Smith goes to Washington?

By Randy Ivey

It's the classic story about a naive small town patriot who's appointed to the U.S. Senate by a political organization. Once there, he realizes that to make a difference he must take a stand, defying the politics of the day.

The key to achieving change in our government is to become actively involved in the legislative process. Our role in this process is to make our Congressional leaders aware of the issues that are important to our business, including the changes that should be made to help us fight the national crises of physical inactivity and obesity. While our representatives may understand the role that regular exercise plays in a healthy lifestyle, the indispensable role that you and your club play in that healthy lifestyle may be less apparent.

Last year, I attended the IHRSA Legislative Summit, where the focus was on the PHIT Bill and the WHIP Act. I know you're probably wondering what they are and what they mean. Trust me,

they are important to you.

The Personal Health Investment Today (PHIT) Bill

The PHIT Bill allows for expenditures for physical fitness programs and exercise equipment to be payable out of pre-tax health investment accounts such as flexible spending accounts (FSAs), health savings accounts (HSAs), medical savings accounts (MSAs) and/or medical reimbursement arrangements. Consumers with these spending and savings accounts can currently pay for prescription drugs and doctor visits with pre-tax dollars. This would be a positive step towards covering the costs of preventive measures as well.

The Workforce Health Improvement Program (WHIP) Act

The WHIP Act would allow employers to deduct the cost of health club memberships for their employees and would ensure that this benefit would not be classified as additional income to employees. Quite simply,

the WHIP Act takes the IRS out of the corporate wellness equation. By doing so, WHIP represents a win-win proposition for both employer and employees alike. It is also a positive step by the government to support businesses of all sizes that help their employees lead healthy lives.

Don't think you can make a difference? Sure you can. The impact of going into a senator or representative's office with three, four or more people is sure to make an impression. You're a voter that has taken time to go to Washington to share what is important to you. You're also someone who influences your family, friends, business associates and everyone with whom you come in contact - all of them voters. Your senator or representative certainly wants to hear about the issues that are important to constituents such as you.

As Mike Huckabee (former Arkansas Governor and Presidential candidate) stated: **"What we should be doing is providing real encouragement - financial incentives - so that Americans will take better care of themselves. A lot of people**

know that they need to be healthy, but require a little push. The WHIP Act would give them the chance to enjoy the benefits of belonging to a health club, which is in the best interest of both the employee and the employer."

Once you register to attend the Legislative Summit, IHRSA will schedule meetings with the offices of your elected representatives. You will be briefed by IHRSA's Washington team on the two primary bills for which you'll be lobbying, and no first-time attendee will have to go to Congressional meetings alone.

The keynote speakers at the Legislative Summit are as important and informative as the congressional visit, and definitely entertaining. When was the last time you went to an event and didn't want it to end? Last year, Sam Donaldson was the keynote speaker and shared hilarious insider political gossip and election projections. This year will be as good or better with Tony Snow, the former White House Press Secretary delivering his 2008 Election Update. Similar to Sam



CheckFree's Randy Ivey

Donaldson, Snow will deliver current updates, insider stories and gossip that will surely have you rolling on the floor. James Carville, one of the most humorous political consultants on the planet, will also be speaking. His Inside Look at American Politics is sure to be an eye opener.

As an attendee, I highly recommend that you support and attend this year's IHRSA Legislative Summit. To register, contact IHRSA at 800-228-4772 or visit www.ihrsa.org under "Events."

Randy Ivey
 Marketing Manager
 CheckFree now part of
 Fiserv

IHRSA Announces 4th Annual Technology Summit

Titan Fitness CEO Jeff Skeen to keynote CheckFree event at IHRSA's 27th Annual International Convention

BOSTON – The International Health, Racquet & Sportsclub Association (IHRSA) has scheduled the 4th Annual IHRSA Technology Summit for March 7 from 4:00 p.m. to 5:30 p.m. during the 27th Annual IHRSA Convention. A keynote from industry leader and Titan Fitness CEO, Jeff Skeen, will highlight the Summit, which is sponsored by CheckFree Health & Fitness, now part of Fiserv Inc. (NASDAQ:FISV).

Skeen will present his unique perspective on how clubs can leverage technology to gain competitive advantage, enhance profitability and improve member loyalty and insights gained from more than 15

years in the industry. Skeen will comment on: • the value of properly used technology • the impact of technology on the three key components of club health and • maximizing club efficiency through operational organization

In 2007, Skeen and his partners founded Titan Fitness, an investment company with the goal of becoming one of the largest Gold's Gym franchisees in the world. Skeen is a former CIO of Gold's Gym International.

"Jeff's success is a testament to his understanding of the 'ins and outs' of running a health club," said Joe Moore, IHRSA President and CEO. "Attendees of the IHRSA Technology Summit will learn practical strategies they can apply at their own clubs, particularly how technology can help them

operate more effectively." The IHRSA Technology Summit is open to all IHRSA Convention attendees. Club owners, managers and IT decision-makers are encouraged to attend. There is no pre-registration requirement.

In addition to attending the Technology Summit, attendees and media can:

- Experience exciting new product launches and exercise classes from over 400 expected exhibiting companies
- Witness the latest in trends, equipment, products and fashions
- Be motivated by keynote and featured speakers, including Bob Woodruff, ABC News Anchor and Reporter; Kjell Nordstrom, Global Business Visionary and Author of *Funky Business*; Dick Vitale, ABC Sports and ESPN College

Basketball Analyst; Dr. Ronald Davis, President, American Medical Association and more

- Break a sweat and be the first to try the latest workout classes
- Interact with professionals from every area of this dynamic industry
- Show support for the industry initiatives to help Americans fight obesity and build healthy habits – Get Active America! and I Lost It at the Club

IHRSA is proud to celebrate its 27th Annual International Convention & Trade Show, with over 10,000 fitness industry leaders, professionals and experts from over 70 countries for this premiere industry event. Over the past quarter of a century, the not-for-profit Association has established itself as the voice of quality and innovation for the global health, racquet, and sportsclub industry represent-

ing over 8,800 clubs in more than 70 countries, along with over 600 industry suppliers.

CheckFree Health & Fitness, now part of Fiserv, has delivered software and services designed to meet the operational, financial and membership management needs of the health and fitness industry since 1981. Today, CheckFree provides thousands of facilities worldwide with club management software, transaction processing and outsourced member billing and data management. The complete suite of solutions offered by CheckFree enables clubs of all sizes to grow and retain membership while maximizing revenue and minimizing day-to-day costs.

For more information about the Technology Summit, visit: www.IHRSA2008.org or www.checkfreecompete.com.

What To Do When You Don't Have the Ball!

By Jeff Masten

Football season has just ended, and being a New Yorker and a Giant fan, please allow me a moment to gloat... Congratulations to the NY Giants, Super Bowl Champions! With the ending of football season, the focus shifts to basketball and the much anticipated NCAA Tournament. As we begin to watch, certain players will stand out from the rest, but what makes them stand out? What makes a great player? When this question is asked of the greatest coaches from the likes of John Wooden, Bobby Knight, and Dean Smith to name a few, they all agree... it is not what they do when they have the ball but what they do when they don't have the ball. Good players can score when they have the ball but great players not only score but set screens, moving constantly without the ball, rebound, play defense, etc.

When it comes to sales, a similar question has been asked... What makes a great salesperson? The answers are similar. It is not what they do when they have a prospect in front of them but what they do when no one is in front of them (they don't have the ball). I know from talking with owners and sales managers this is a great source of concern... What should my sales people be doing when they don't have a person in front of them? First, I would like to refer back to my article, "How to Become a Winning Sales Coach", in the December issue of Club Insider. In that article, I refer to point #2: Know the Game. As a manager you can't assume that your team knows what to do, especially when they don't have the ball. Rather than assume, you must first show them and then continually coach them until they achieve this success. I have found some steps, if followed, will transition your good

salespeople into great sales people.

1. Great sales people dedicate themselves to continuous learning and becoming a student of their craft. Professional selling is a world that's changing by leaps and bounds, especially with the ease with which prospects can access information about our industry and your competitors. The best salespeople go to the bookstore every month (When was the last time you went, and what was the title of the book you purchased?), attend seminars, read articles and industry publications. I require all my sales people to spend a minimum of 30 minutes daily on professional development through reading.

2. Great sales people keep their sales pipeline full by prospecting effectively. The largest single cause of failure for sales people is an inadequate supply of qualified prospects. Prospecting tends to be the

last thing we do in the sales process. Unfortunately, prospecting can't just be turned on and off. Prospecting has to be a continuous process in order to achieve the desired results. The teams I work with have an hour of prospecting time added to their schedules daily. This time is for prospecting ONLY, and nothing is allowed to get in the way. This is dedicated prospecting time, and it is as important as anything else on their "to-do" lists so... Just do it!

3. Great sales people pre-plan their day. Far too many sales people think they can "wing it". The truth is in today's market. With the increased competition and choices for consumers, you've probably got only one shot at each prospect. What does pre-planning mean? It means understanding your competition, positioning yourself correctly, having a professional appearance, having appropriate sales material and having a proven sales



Jeff Masten

system to follow.

4. Great sales people understand providing service is part of sales. If you truly understand the lifetime value of your members in terms of retention, add on sales (i.e. personal training), not to mention referrals, you'll also understand that servicing existing members could actually be defined as selling to your best prospects.

(See Jeff Masten page 8)

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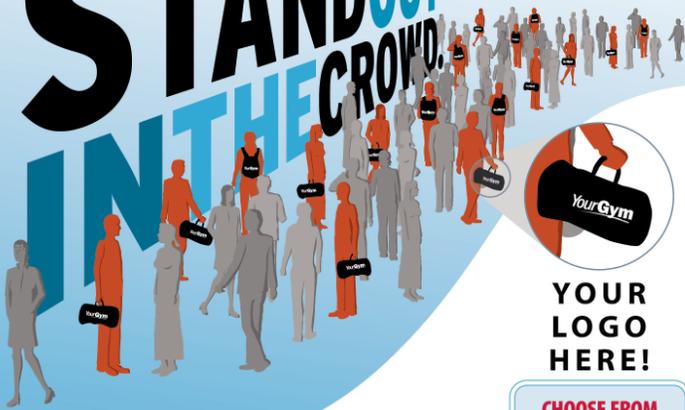
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...Jeff Masten
 continued from page 7

The best way to get more from your members is to make sure they get the absolute most out of what they have already bought from you. How many calls do you make to your new members in the first 30, 60 and 90 days?

5. Great sales people work smart; they utilize time well. Your most precious resource is your time... the minutes and hours of each day. It is all you really have to sell. Resolve today to become an expert at time management. This one skill will make more things possible for you than perhaps any other, for without it, no other skills can be utilized to their fullest extent. The core principles of time management is the ability to do first things first, to set priorities among competing demands on your time and above all to think, plan, decide and then to make the appropriate action. The most important time of the day is the first 15 minutes upon arrival. This is when the great sales people sit down and set their goals and their action plan for that day. They have all their goals recorded on their daily worksheets, and those goals are visible to all. In order to be more effective, it is important for the coach to meet with them daily and review their goals and individual game plans and give appropriate feedback.

6. The telephone is the teammate of a great salesperson, and they use it effectively. The best telephone contacts actually begin with the information gathered from the ini-

tial visit with the prospect. Good salespeople gather information during the tour where great sales people capture the information. You need this information to motivate the prospect to join or to motivate the member to use the club. Prior to calling the prospect, take a few minutes to review all your notes. When you do, you will be alert and fully prepared regarding this customer and their situation. Prospects are always impressed when they are called by a truly professional salesperson who remembers clearly what was discussed at their last contact and has obviously done their homework. The easiest way to increase your contacts is to ask for the next appointment prior to the prospect leaving the club and after each follow up telephone contact. By simply asking and setting a scheduled time, you can increase you contacts by over 60%.

There are a lot of salespeople out there in our industry, and in your market, competing for the same business you are working hard to earn and maintain. Some try to wing it and burn out. Some do a good job. However, very few are great salespeople making a lot of money, sticking around and building satisfying careers that last for years.

Do you want to be good or great? What you do when you don't have the ball is the difference maker!

(Jeff Masten is an industry veteran with Sales Makers and a key associate. Jeff may be contacted at: Jeff@sales-makers.com)

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...Norm's Notes

continued from page 4

in from IHRSA: Urgent Advocacy Needed: Flawed AED Legislation Heard in MO Senate Committee. On February 5, 2008 the **Missouri Senate Committee on Seniors, Families and Public Health** conducted a hearing on **Senate Bill 910**. This legislation would require health clubs to have at least one automated external defibrillator (AED) on the premises and at least one employee trained in the use of an AED present at the facility during operating hours. SB 910 does not provide adequate liability protection for clubs, nor does it provide reasonable staffing requirements or adequate compliance time. Although our legislative tracking system picked up the bill only this morning, IHRSA was able to contact the Committee Chairwoman's staff and submit testimony. We are currently working to amend SB 910 to secure the necessary liability protection for all Missouri health clubs, guarantee that sufficient time is allotted for clubs to become compliant and incorporate staffing requirement exemptions for partially staffed clubs. We ask that all Missouri fitness professionals join IHRSA's fight to protect our industry from this potentially harmful

regulation. Please go to the link listed below to contact State lawmakers today. If you have any questions concerning SB 910 or Missouri's current AED laws, please contact Tim Sullivan, Public Policy Assistant, at ts@ihrsa.org or (800) 228-4772. Log in and send your message: <http://votervoicenet/target.aspx?id=ihrsa:20557316>

• **Advocacy Alert: Tennessee Clubs Urged to Speak Out Against Proposed New Bonding Requirements Senate Bill 4175**, and its House companion **HB 4153**, which would require health clubs to post a \$25,000 bond with the Department of Commerce, were introduced in the Tennessee General Assembly on January 31st. The bills would also mandate clubs to retain insurance for two years following a club's ceasing to do business in the state. IHRSA opposes the imposition of surety bond requirements on fitness facilities primarily because of their ineffectiveness in preventing consumer fraud and the difficulty associated with obtaining them from insurance companies. Historically, bonding requirements have failed to serve their intended purpose to protect consumers, and in practice only serve as a burden on small businesses. We ask that all Tennessee fitness professionals join IHRSA's

fight to protect our industry from this potentially harmful regulation. Please follow the link listed below to contact State lawmakers today. If you have any questions, please contact Tim Sullivan, Public Policy Assistant, at ts@ihrsa.org or (800) 228-4772. Go to the link below to log in and send your message: <http://votervoicenet/target.aspx?id=ihrsa:20600702>

• Folks, The **YMCA's of America** are reinventing and positioning themselves to appeal to the masses of 200 million overweight or obese individuals. I am telling you now that you cannot allow this Y move to go unheeded. If you do, you will be giving up the largest potential market in the United States to the 2,400 Y's. And, you will be giving up an advantage, that if you grasp it too, understand it and truly pursue it, could help commercial clubs everywhere compete with The YMCA's of America, an organization that holds in its hands because of its history, an annual 33% operating cost advantage over your club(s). Please start paying attention to the opportunities in the weight loss program world offered by our advertisers: **CASEY CONRAD'S Take It Off Weight Loss Program** and **DONNA KRECH's Thin&Healthy Total Solutions**. See their ads on **pages 13 and 27**.

ing young". The same news had been covered by major TV networks the night before. The article was about a report summarizing a study done in the Britain on 2,400 twins that found those who exercised on a regular basis had cells that appeared younger than those, of the same age, that did not exercise. The AJC report quoted research leader, **Tim Spector**, a professor of genetic epidemiology at King's College in London, who said "These data suggest that the act of exercising may actually protect the body against the aging process." So, why do I bring this news tidbit here in Norm's Notes? Here is why. Last month, we reported on the **ConsumerReports.org survey report** produced with responses from 3,400 of their 10,000 subscribers who trashed most of the chains in the commercial club industry. **LifeTime Fitness**, however, was spared trashing due to high marks from respondents and small independent facilities such as Yoga and Pilates studios and YMCA's and JCC's got the highest marks. Everybody needs to realize that those surveyed, because of their status as ConsumerReport.org subscribers, were not really a true scientific sampling of the U.S. population. But, that did not keep this report from being picked up by a number of major U.S. publications and other media outlets. However, the report from England is one of the first of what will be many significant announcements on the

benefits of regular exercise in 2008. Beyond the January 28th British research report, there will be many more positive announcements that will help you promote your club business during 2008. That's why last month I wrote: "Stay the course!" When the ConsumerReports.org survey report went out, the negative press vs. positive press score for our industry in 2008 became: Press - 1 negative / U.S. Clubs - 0 positive. By the end of 2008, the score will be something like: Press - 5 or 6 negative / U.S. Clubs - at least positive 180, a lopsided score prediction by me because there is hardly a day in any year now that passes when exercise...the product provided by your clubs, is not promoted and touted. That's why our industry has such a great future potentially. Slowly and surely, since **IHRSA** published its first "**Benefits of Regular Exercise**" writing over 15 years ago, the world has started to really catch on. In fact, it is now said that 93% of the U.S. population understands how important exercise really is to one's health. Yet, our industry enjoys membership of only about 14% of the U.S. population, according to the latest report from 2006. How can our industry keep the Negative Press score down to 5 or 6 or less major negative stories on the club industry during 2008? I suggest that can be achieved by operating very clean, ethical, well maintained clubs that are staffed with well educated professionals who actually care. Beyond that, clubs who participate in helping their communities in a variety of ways earn the TRUST of Consumers in their marketplace and they will continue to perform well! You will see a report on page #32 entitled: **IHRSA Clubs Perform Well** that highlights the success of many IHRSA clubs in 2007 and also on page #32, you will see a brief article by **TIM RICHARDS**, 35-year veteran owner of the **Orchard Hills Athletic Club** on how his club competes in tough times.

• A rumor has been circulating about **GEOFFREY DYER** being out at **Lifestyle Family Fitness**, now owners/operators of 53 clubs. The rumor is not true. In fact, upon

(See Norm's Notes page 14)

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Maximizing New Year's Revenue Opportunities

By Casey Conrad

The New Year is the busiest time in the club industry. New members are walking through the doors, the fitness floor is packed at peak time and the "regulars" are complaining that they can't wait until the new people stop coming and usage gets back to normal!

With all the business of the club and new member traffic, many club operators fail to realize that thousands of dollars in potential income is actually being lost during the first quarter of the year. The reason for this is twofold. One, when the number of interested prospects increases quickly, sales skills often decrease, which results in a lower closing ratio. This often goes overlooked simply because the budget for new member sales is being met. Two, the combination of the new member revenue being high and the staff's focus on servicing members usually results in less of an emphasis on ancillary revenue streams. Let's face it, during slower

times, the club has the time to develop and promote programs and services that will bring in additional revenue. In January and February, such programs fall to the wayside - not by intention but rather by circumstance.

Controlling the Loss of Revenues

Although these loss-of-revenue situations are a reality of the season, clubs can minimize the effects by doing several key things. First, every operator must accurately track key performance indicators (KPI's) for salespeople year-round. KPI's for each salesperson would include the ratio of info calls to appointments, the number of total booked appointments, tours/presentations, enrollments and the number of new member referrals. Consistently tracking these numbers will ensure that salespeople are maintaining their skills as well as providing management with the necessary information for on-going training and development for the

entire sales team.

Next, establish systems and protocols for introducing new members to products and programs at the time of sale. This must be well thought out and integrated into the sales presentation, but it will be worth the effort. Getting a customer to take advantage of an up-sell at the point of sale is much easier than trying to get them back into a buying mode later on. We've all heard the "suit purchase" analogy to this a million times, but it really does make the point; getting a man who just purchased a new suit to buy several shirts and ties is much easier to achieve while he is buying the suit rather than trying to get him back to the store at a later time! While the credit card is out, get the customer to buy more.

Third, for products, programs and services that may not be presented or offered at the time of enrollment, be sure to have systems in place that introduce and educate members to the various options. New member

orientations, e-mails, newsletters or introductory group meetings are all great ways to let people know about the services that can help them to reach their fitness goals more quickly.

The Ideal Program for Additional Revenues

One program that can be instrumental in maximizing New Year's revenue is weight loss. At present, 67% of Americans are either overweight or clinically obese. It is estimated that more than 50% of individuals who are overweight begin some sort of "diet" during the New Year. More specifically for clubs, according to American Sports Data, 87% of those who join a health club cite weight loss or maintenance as their primary reason for joining. Further, an average of 25% of all club members are currently enrolled in a local Weight Watcher's program. What all this means is that a high percentage of new and existing members want to lose weight. Sadly, most health clubs do not offer a real weight loss solution to their members. Instead, they advocate weight loss through exercise and simply encourage members to "watch what they are eating".

The reality, however, is that for the average adult, exercising alone will not result in successful weight loss. This is even truer for women who have a lower lean body mass than men. The reason for this is because the average member will not burn enough calories with the amount of exercise they get to create enough of a caloric deficit to move the needle on the scale at a pace that is psychologically acceptable.

Most fitness enthusiasts believe that exercise alone can result in weight loss, but because many have not struggled with their weight personally, they cannot understand the challenge. One way to fully appreciate the situation is to do the math; if a member wants to lose weight through exercise alone they would have to burn 500 calories a day for 7 consecutive days to lose just



one pound! The "average" member does NOT exercise 7 days a week and does NOT burn 500 calories in a single exercise session. To make the challenge worse, if the individual strays from his current caloric intake, any additional calories consumed can quickly reverse the calories burned with exercise. This is why trying to lose weight through exercise alone leads to massive frustration for the average person.

On the other hand, clubs who offer a nutritionally-based weight loss program to their members enjoy tremendous success both with member results and additional revenues. The combination of a higher quality of food choices, portion control, coaching for accountability, motivation and exercise has been proven to result in a weight loss of 1-2 pounds per week. This pace of weight loss helps to keep a member motivated and sticking with their program. Of course, in addition to the revenue generated from the weight loss program, sales of snack foods and other products that support healthy weight loss help to really maximize revenues while helping the member be more successful. Successful members will lead to more referrals and more new members, etc.

Why Clubs Don't Offer Weight Loss & Why They SHOULD

The number of health clubs that don't offer a structured weight loss program to their members is truly amazing. Some clubs have nutritionists on staff, while most have simply given up trying. This is because the head-

(See Casey Conrad page 13)

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...Casey Conrad
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aches typically associated with running a weight loss program didn't outweigh the financial benefits or because the upfront costs were so high the operator didn't want to take the risk.

Although I am admittedly biased, not offering a REAL weight loss solution for your members is a big mistake. In a previous article, *Diversify or Die*, I explained to club operators how the growing obesity pandemic in the US means that more commercial companies will enter the weight loss market space. This, in fact, is already happening within medical practices and other weight loss clinics. How this impacts clubs is that these programs are not just giving nutritional advice - they're offering comprehensive programs that include exercise facilities.

Therefore, as a preemptive strategy, club operators need to offer weight loss programs to members and utilize that program as

a marketing vehicle to attract new members. By doing this, a club will be positioned not as just an exercise facility that will attract 15% of the population, but rather as a facility that provides its community with a comprehensive solution to the weight loss pandemic, thereby attracting many more prospects.

Certainly the initial New Year's rush is nearing an end but your club still has time to tap into the revenue opportunities that this time of year offers. Monitoring the sales statistics to maximize closing percentages, implementing systems to up-sell programs and services to new and existing members and offering a weight loss program will all help to generate additional revenue for your club.

Publisher's Note: The Take It Off Weight Loss Program produced and provided to the club industry by Casey Conrad's company is a turnkey licensing opportunity available to health clubs in the United States. The three-month program averages 20-25 pounds of weight loss. It is

administered by existing staff members and does not require a dietician or nutritionist on-staff. To learn more about this program, please visit www.TakeItOffWeightLoss.com or call 401-497-4159.

(Casey Conrad has been in the health and fitness industry for over 25 years. She is the author of numerous books, audios and videos on the sales and marketing of health club memberships. She is the President and Founder of the Healthy Inspirations weight loss franchise and the creator of the Take It Off Weight Loss Program, available to health clubs and corporations for licensing.)

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...Norm's Notes

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being informed of the rumor, I contacted Geoff by email and we spoke on February 4th. Geoff indicated clearly the rumor was not true and shared with me an email sent to his Roundtable group a couple of years ago in which he outlined his company plan whereby he would, in 2007 step down as CEO of LFF and into a less time demanding role and moving **TODD BRIGHT** from the President's slot to **CEO**. Geoff's title is now: "**Founder**" and he tells me he still is fully involved at LFF, but his primary focus is at the top level where he works with financier, **STUART LASHER** of **Quantum Capital Partners** and other investors. Geoff has earned and now is spending more time with his sons, **SEAN**, 18 and **CHRISTIAN**, 16. A better use of his time at age 57 he could not find.

• Just a couple of months after I wrote about global warming and the greening of the world and how I think it is a deep hole that humans can't necessarily change, I heard the much argued issue of global warming put into a perspective I had not considered before. I will paraphrase here, but the gist of what this person said was: "I am not sure if global warming is something we can do something about or not. But, I believe there is no downside to an eco friendly lifestyle and trying to con-

tribute to the greening of the Earth." So, you know what? I think that comment reflected a wise position. Therefore, I've decided to adopt a greener lifestyle myself and I am personally going to try to do what I can to help green our planet. I hope my tiny little contribution of changing my lifestyle by recycling, conserving more energy when I can and trying not to damage the earth, etc., will help provide my son and someday his children and our grandchildren, with a better planet after we are gone. This will be my own personal lifestyle change and I do hope it helps Mother Earth.

• A quick note about my Note last month about **KIRK** and **JOHN GALIANI** selling their clubs in the Raleigh, North Carolina area to **JEFF SKEEN**. I should have written the Galiani's Raleigh, N.C. area Gold's Gyms were sold to Jeff Skeen and his investment group, **Westview Capital Partners**. Kirk and John Galiani have been two very important and instrumental people in **the history of Gold's Gym International**. When they owned **GGI, Inc.** with **PETER BROCKWAY** of **BROCKWAY/MORAN** they, along with super brander, **DEREK BARTON**, significantly changed the image of Gold's Gyms from one of *muscle head havens* to upscale, high profile super clubs that appeal to individuals and families from all walks of life. The Galianis still own and operate Gold's Gyms in Virginia

and West Virginia and are two real credits to our industry.

• **Fiserv** appoints **DENIS O'LEARY** to its **Board of Directors**. Fiserv now owns **CheckFree Corporation**. Denis O'Leary, is a private investor and consultant with expertise in enterprise technology, financial services and consumer payments. He serves as a senior advisor to the **Boston Consulting Group**. **DON DILLON**, **Fiserv Chairman of the Board** said, "Denis brings more than two decades of experience with one of the largest banks in the country to the Fiserv Board of Directors. These experiences, which include executive leadership, technology, finance, M&A, and retail banking, complement our board well. We are very pleased to be working with him."

• **RICH BOGGS**, **CEO of Body Training Systems**, informed me today that **BTS** has signed the super **Alaska Clubs** chain as new customers. The Alaska Clubs are focused on **quality**. Formerly owned by **ANDREW EKER** and **TOM BEHAN** and other partners, they now have 17 locations and are going full speed ahead with **BTS** for their group exercise programming. **STAY TUNED!**

• This just in from **IHRSA** announcing that **tennis superstar MARTINA NAVRATILOVA** will speak at **IHRSA** and her presentation entitled: "**Champion for Life**" will be on Saturday, March 8, 2008 from 9:00 am - 10:00 am.

• The **New York Sports Clubs** announced that the **New York Sports Clubs/Cadence Cycling Team** established a new **Guinness World Record** for most miles traveled on a single stationary bike in 24 hours. The team cycled a total of 829.84 miles, at an average pace of 34.58 miles per hour. The record was broken during **New York Sports Clubs' Saints and Spinners** event, a 24-hour Spin@-a-Thon benefit in New York's iconic Grand Central Terminal. The event, which took place from 7 a.m. Friday, January 18, through 7 a.m. Saturday, January 19, raised over \$250,000 for **HealthCorps**, a non-profit organization founded by "**Oprah Winfrey Show**" health expert **DR. MEHMET OZ**, devoted

to fighting teen obesity.

• **The Medical Fitness Association's 2007 Distinguished Achievement Awards** recognize leaders and innovators in the medical health and fitness sector. The awards highlight the sector's growing contribution to promoting overall health, fighting obesity, and integrating clinical programs into a comprehensive approach to fitness and rehabilitation. The **MEDICAL FITNESS ASSOCIATION** announced in January the **2007 Category Winners**: (Facilities: winners based on membership, clinical services integration, program innovation and community service)
 • Medical Fitness facility larger than 50,000 sq. ft.: **Good Samaritan Health & Wellness Center, Downers Grove, IL;**
 • Medical Fitness facility of 20,000-50,000 sq. ft.: **Roseville Health & Wellness Center, Roseville, CA**

• Medical Fitness facility of less than 20,000 sq. ft.: **Healthstyles/Windber Medical Center, Windber, PA**

• Medical Fitness Center in operation less than 3 Years: **Lexington Medical Center/Health Directions, West Columbia, SC;**

• Medical Fitness facility larger Than 50,000 sq. ft.- **Good Samaritan Health & Wellness Center, Downers Grove, IL;** Medical Fitness facility of 20,000-50,000 sq. ft.: **Roseville Health & Wellness Center, Roseville, CA;**

• Medical Fitness facility of less than 20,000 sq. ft.: **Healthstyles/Windber Medical Center, Windber, PA;**

• Medical Fitness center in operation less than 3 Years: **Lexington Medical Center/Health Directions, West Columbia, SC.** Distinguished Service / Administrator: **MARILYN K. CURTIS**, **Fitness Plus/St. Francis Medical Center** and **DON SCHNEIDER Distinguished Service Award: Kenneth Paulovich, RN. Board of Directors Award: Life Fitness, Inc.**

• Program Innovation: **Pound Plunge, Hays Medical Center/The Center for Health Improvement, Hays, KS. Congratulations to all!**

• **Welcome to New Advertisers!**

• **Welcome to Polar Electro, Inc. and CAROLYN BARNETT, who've joined The CLUB INSIDER News advertising Team this month!** **Polar Electro** produces the best heart rate monitors available and will be conducting a seminar at **IHRSA 2008** entitled: "**The New Age of Club Profitability: Monitoring a New Era of Personal Training**" Thursday March 6, 2008 from 11:00 am to 12:30 pm at a location to be announced. Join Polar's **JENNIFER VILLANI** and **SCOTT GAINES VP of Program Development and Sports Trainers Association (NESTA)**, to find out about their new creation of **NESTA's Personal Fitness Trainer 2.0 Certification**. Check out **Polar Electro's** new ad on page #35 and be sure to stop by their **Exhibit #1104!**

• **Welcome to new advertiser, New Paradigm Partners** who've joined **The CLUB INSIDER News** advertising team. Here is what your peers say about this consulting company: "In just six months **New Paradigm Partners** has transformed our entire company and changed the way we think. Your company is truly one of the best in the business." -**Keith Callaghan** and **Peter Rappoli, Owners, Elite Health Fitness Centers, Stoughton, Massachusetts**. "For over ten years, I have worked with **New Paradigm Partners**, which has helped us turn a struggling gym into a state-of-the-art successful fitness facility. We have adapted new systems that allow us to give our members great service and, in turn, set a platform for increased membership and profits. It is an evolving and changing process that keeps us three steps ahead of our competitors." - **Barry Fields, Owner, Gold's Gym, Pawtucket and East Greenwich, Rhode Island**. "What do you have when you take a 5 Star Professional Manager, who is a branding & marketing specialist, who also happens to have the "golden touch" for developing fee-based programming that "convinces" members to spend more money over and above their membership dues... you have **JENNIFER**

(See Norm's Notes page 26)

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...Cliff Buchholz

continued from page 3

one until the recent coaches like Nick Bollettieri and other famous coaches. He grew up on a farm in a small town in Central Missouri, probably a thousand residents. At that time, they had sort of a mini-Olympics, which I thought was sort of interesting. These small communities would compete with eight or ten other small towns. They would meet once a month and compete. My father had a small farm, with a tennis court, a baseball diamond, a basketball court, a track, a boxing ring and weightlifting. The weights were these concrete boxes with a bar in between. They would get together and compete against these other small towns. That was how he made his living until he decided to go into coaching tennis full time.

It is interesting that there has been a sort of an evolution in the fitness industry where we are going back to the sort of program where not everyone is an athlete, but just average people getting together and competing in everyday activities. It seems almost as if we've come full circle.

My background was that with my father being a tennis coach in St. Louis, my brother and I both played tennis. My brother played in the pro circuit; I played until 1965 and then decided to go to law school. That was the first year we decided to do an indoor tennis club. Since then, there has been an evolution, beginning with indoor tennis, then we had racquetball, which began in the mid-70's, and then they merged in the late 70's. After that, we came into the

time when we had aerobics and running became popular, and with these activities on the rise, the industry has evolved into what we have today, which is the exercise and wellness approach to fitness. It's been fun to watch that evolution take place and see how it's developed into what it is today.

Ray: How much of that evolution of clubs, from the social aspect, gives a club an edge over the low-priced gyms that are coming into the market?

Cliff: I think it definitely gears you toward programming and not just selling. When we were indoor tennis clubs, and I had a number of them, some I owned outright, some I was co-owner of, from Springfield, Illinois, Champagne, Pittsburgh, Pennsylvania, St. Louis, and Denver, we never had a sales person. The front desk would have an application, you would talk to a tennis pro, it was all basically referral. Sometime in the early 70's, we started marketing tennis lessons for beginners, those who had never played before, so we had to find a way to get the word out. Getting started in tennis is a lot harder than getting on a treadmill or picking up a barbell. I would tell people it would take about six months before they would start really having fun at it. They would have to chase a lot of balls, and it was very awkward trying to hit a backhand, or trying to serve. We got to the point where we were promoting group tennis lessons to people who had never played before. That was when we got away from one-on-one tennis lessons and got into the groups and clinics. That has continued until today.

Clubs today, who focus on programming, are the clubs that are successful. We grew up without sales people, or profit being our number one motive, and were focused on good programs and taking care of our members. Retention was not a problem at that time, because once they joined, they stayed with us. We've taken that same philosophy into the fitness industry. We've learned about programming and it's not just sales.

Ray: You mean you provide programs which encourage them to be committed?

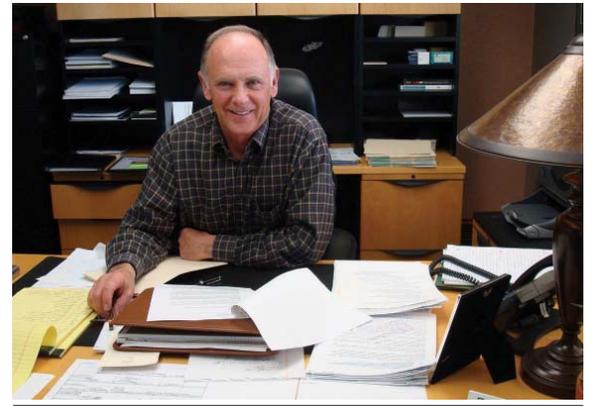
Cliff: We are right back to where we were in the early 70's with indoor tennis. We never marketed a membership sale. We marketed, "Learn to play tennis", but we are getting away from that now and are marketing "Learn to exercise, how to lose weight, how to eat properly, and how to have a healthy back." I think you market the programs. If you get them in and involved in a program, whether it's a six-week program or an eight-week program, if they are happy with it, then they will join. I think you'll find we are going to start getting back to that mentality. Now, we are looking at people who have never even been in a fitness club, much less joined, but their doctors are telling them they need to, so now, they need to learn how to exercise.

Ray: What you're saying is you have to get them past that first 30 days to overcome that intimidation factor in order to keep them as a member?

Cliff: Yes. We need to provide a program that helps them get through that, someone to take them by the hand and help them along. In tennis, we had a tennis pro who helped them from day one, then arranged matches with other people on the same level. They were all in a group, all doing the same thing. We need the same thing in the fitness industry.

Ray: What about the idea that tennis is a game, and games are always more fun than just exercise?

Cliff: That will probably always be the case. A game is usually more fun, but today, we have a major issue



Cliff Buchholz at Work

with time. Everyone wants to maximize their efforts, and they are more concerned with their cardiovascular health, strength, and overall fitness, so having an exercise program is more efficient than going out to play tennis or basketball. You also have the injury factor with tennis and basketball. Whereas, being involved in a group exercise program or working with a personal trainer, you are less likely to get hurt.

Ray: Where do you see the future as far as insurance involvement?

Cliff: I think you are going to see a great deal of competition. You will find more corporations having wellness programs, as well as colleges and schools offering fitness centers, which means we have to get better. We have to find our niche. It will all depend on how we treat people, what successes you have with them and how you make them feel. I don't think it's necessarily price-driven, but we have to be reasonable.

Ray: This is why some restaurants have long waiting lines, while others are barely making it, so is this a perceived value situation?

Cliff: It will continue being a challenge but that's what makes this so great. We are just scratching the surface today with people who want to exercise, and I think you'll find people who are over 45 exercising six days a week. I think the old model of selling a membership and hoping they'll never show up, or selling a lifetime membership for \$99 and knowing that if they all show up, you wouldn't be able to serve them, is history. Those days are gone. I think we have to find a way to keep

them engaged.

Ray: Do you think those days had a negative impact on the industry?

Cliff: Absolutely. Thank heavens that common sense says we all have to exercise or it would have ruined the industry, with the historic failure rates.

Ray: What about the "little or big-box" clubs?

Cliff: There are two types we have to be aware of. One is the very small, "get started" type of club, such as Curves, Snap or Anytime, which may only be 3,000 square feet. They are good in some ways, and they are inexpensive. If they encourage a non-exerciser to start moving, the member may soon find they enjoy working out, but want something more, like the programming of a larger club. The bigger boxes such as Planet Fitness will be worth watching. They are certainly in the right location. There is a niche group of people who only care about the machines and aren't interested in the programming. If they are in the right place, they will obviously be fine. However, I don't think that type of club would be popular in a town like Ft. Collins. This community wants more than that, and I don't think the numbers here would support a big-box club.

Ray: Is it a setback to the industry if these clubs sell solely on price?

Cliff: If the business model is to sell a lot of memberships and hope they never show up, then this is definitely a step in the wrong direction. Our goal is to have members using the club every day, and if they are coming in regularly, it gives us more opportunity. (See Cliff Buchholz page 18)



Miramont North Gym

fitRewards!

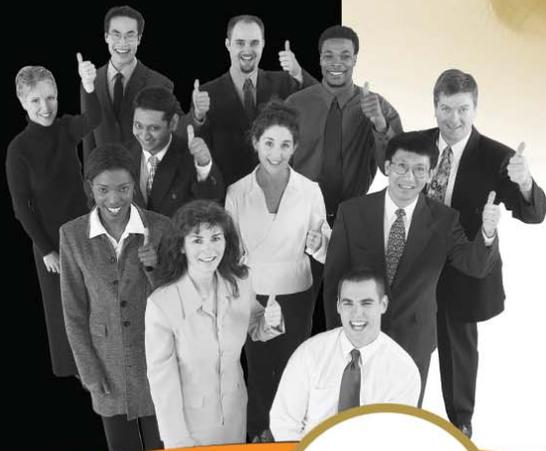
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Gary Borgatede, GM - Elmwood Fitness Center

referrals

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Bill Deitz, GM - Auburn Racquet & Fitness Club

retention

"fitRewards has been a terrific addition to our facility. We realized a 5% decrease in our attrition rate after the 1st year, meaning members are staying longer. Plus, our staff has been enthusiastic about the program right from the start."

Mike Revere, Manager - Sentara Hampton Health and Fitness Center

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John McCarthy, former Executive Director of IHRSA

Sales Makers Present Sales Training Webinar for BTS Clubs

Marietta, GA. January 18, 2008 – Ed Tock of Sales Makers and Mike Campetelle of BTS, presented a terrific sales training webinar for 100 Body Training Systems clubs on January 18th. Campetelle, serving as BTS' host, introduced industry veteran Eddie Tock of Sales Makers who then spent two hours presenting a terrific sales training and management webinar that provided the 100 BTS client participants (in morning and afternoon sessions) with a view of over 90 slides loaded with club business wisdom. Not only did Tock provide many excellent sales training best practices and concepts, he wove into the fabric of his presentation how clubs can grow their business through group exercise.

Here are some of the slide comments that guided Tock's verbal communication during the presentation. To obtain the complete Power Point presentation, send an email to Eddie Tock: eddie@sales-makers.com. To learn more about Body Training Systems go to: www.bodytrainingsystems.com or call: (800) 729.7837 Ext. 230.

• Competition for a new health club member that is currently a non-exerciser is tremendous. To achieve your

2008 membership goals, your club's membership representatives must fully convince the prospect of the value of becoming a member at your club. Membership representatives need every opportunity to: 1) Convince them to join (New Sale) 2) Improve their health and fitness and confidence (Retention) 3) Generate many, many referrals. (More New Sales)

• "An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive business advantage." –Jack Welch, now retired General Electric Chairman and Chief Executive

• "Every morning in Africa a gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle or it will starve to death. It doesn't matter whether you are a lion or a gazelle. When the sun comes up, you had better be running."

• Sales is just like exercise. The more often you do it, the BETTER the RESULTS!

• The typical club has 10-15% of its members involved in group exercise, while BTS clubs have 25% to 50%; the typical club has 80% of its members as ma-

chine users while the typical BTS club has 45%; and typical and BTS clubs have 2 to 5% using personal training.

• Who is our future member? 1) Nonbelievers: 2%; 2) Indifferent: 16%; 3) Uninitiated believers: 63%; 4) Hard-core: 17%. (Source: American Sports Data). Of your last 10 memberships how many were in #3 and #4?

• Exercise Preferences - "Research has clearly and consistently demonstrated that exercise adherence is improved when a sense of group camaraderie or cohesion exists. This isn't surprising given the fact that 90% of all exercisers report that they would prefer to work out in a group." - **CBI June 2000**

• For non-exercisers - the choice is either hire a personal trainer or do group exercise classes FREE!

• Retention AND Sales are both a CHALLENGE

• Successful Sales are...90 % Preparation and 10 % Presentation

• What are you really selling? Value or Price?

• Anyone can sell lower prices ... it takes a professional to sell value

• You do not sell yourself ... You sell SOLUTIONS to their problems

• Differentiation - If



Eddie Tock (L) and Mike Campetelle Host Salesmakers/BTS Webinar

you cannot explain why your club and group classes are different than the competition, then you will not be perceived as different (or better)

• To better deliver your DIFFERENTIATION...it is ALL about your SYSTEMS, YOUR PEOPLE and YOUR EXECUTION of the SYSTEMS

• Write down 5 points of differentiation for your club.

• Taking Classes = Commitment of time (which is a behavior change-our real goal)

• Guiding more people Into group exercise...*what's in it for me?*

• More personal, "easier" sales.

• Better referrals

• More referrals come from **RAVING FANS**

• Give them opportunities to bring friends

• **Referrals:** Let them sell their friends

The bullets with copy above represent 18 of over 90 slides that Sales Makers' Eddie Tock made comments on during this terrific webinar.

We urge you to contact both Sales Makers and Body Training Systems to learn more about how you can advance your membership sales and retention through sales training and the delivery of excellent group exercise programs for your members.

...Cliff Buchholz

continued from page 16

nity to have them using other amenities within the club, creating more non-dues revenues in other areas. We want our members to be in the club every day. At the moment we



Miramont Pool

are averaging between 1,800 and 2,000 member visits per day.

Ray: Don't you have one club that is very elite and near capacity?

Cliff: That's right. We're not out to get many more members, but are comfortable where we are right now.

Ray: You also have another club, which is a beautiful facility with a more difficult location, yet the membership base at that location is increasing rapidly. Why is that?

Cliff: That's right. It is a C-Minus location; however, the staff does a great job serving the members. I frequently hear that people love going there because of the staff and the variety of exercise options available. It's an indoor tennis facility that

has been converted to fitness and people just like that atmosphere.

Ray: And you're building a 3rd club?

Cliff: We are doing a third one. It's a little different model; it will be in a much denser area, closer to the University, and at a slightly lower price point. We are trying to decide exactly what all is going to go in. We know we're going to have a full wellness facility with physical therapy, chiropractor, acupuncture, nutrition, a women's-only area, five group exercise studios, a strong emphasis on mind/body with Pilates and yoga, and a conference room for wellness lectures. I think we'll have heavy usage with the highly educated demographics structure near the University. I think we'll have people working out there five

to six days a week, and we're really excited about it. We are excited to have three clubs, one on the South end, one on the north end, and one in the middle. Right now, between the two clubs, we have about 14,000 members and think we'll get up close to 20,000 with the third one. We feel in a community of 130,000 that is a pretty good market penetration.

Ray: How important do you think the staff is in the overall success of a club?

Cliff: I think it's very important. We focus on three entities equally: our members, our staff, and our community. We try very hard to be an active participant in our community. We have volunteer programs, we encourage our staff to volunteer, we encourage our department heads to be involved in some

sort of service organization. We contribute a great deal financially to our community. We are a "well workplace" through the Wellness Council of America. Our community is trying to become a "well city". We put a great deal back into our community, our staff and our members. We think our success will come from those areas.

Ray: What types of activities do you encourage them to volunteer for?

Cliff: We support the Boys and Girls Clubs, and we have a local homeless shelter called Wing Shadow. We have a program where we pay our staff when they volunteer. This year we are trying to build a home for Habitat for Humanity. We are trying to get some other businesses in town to go along with us. We
(See Cliff Buchholz page 20)



“Greenmaple Wellness not only provides our members with a robust and very popular monthly electronic newsletter, but also provides us with the tools we need to provide a professional and easy web based system to communicate with our members as often as we choose. What has surprised me most though is the built in tracking module which allows my membership team to motivate their leads, helping with our conversion process.”

Bryant Samson
General Manager, Miami Health & Fitness

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- ✓ DO WE PROVIDE OUR TEAM THE RIGHT TOOLS FOR CLOSING THE SALE?
- ✓ DO OUR TRAINERS HAVE THE RIGHT RESOURCES TO BUILD BETTER RELATIONSHIPS?



- ✓ DO OUR SALES STAFF PERSONALLY AND EFFECTIVELY BUILD RELATIONSHIPS, CONVERTING MORE PROSPECTS TO MEMBERS?
- ✓ ARE WE PROVIDING TARGETED OUTREACH, SAVING OUR BUDGET?
- ✓ DO WE HAVE A CUSTOMIZED, PROFESSIONALLY WRITTEN LETTER SERIES FOR EFFECTIVE FOLLOW-UP?
- ✓ DO WE CONTINUOUSLY BUILD BETTER RELATIONSHIPS WITH OUR PROSPECTS?



- ✓ DO WE HAVE AN EFFECTIVE WAY TO COMMUNICATE ANY MESSAGE IMMEDIATELY TO OUR MEMBERS AND MEMBER GROUPS?
- ✓ DO WE HAVE AN EMAIL TEMPLATE DESIGNED EXCLUSIVELY FOR US, ENSURING THE MOST PROFESSIONAL OUTREACH POSSIBLE?



- ✓ ARE THE PERSONAL TRAINERS ON THE FLOOR TRAINING AND GENERATING REVENUE?
- ✓ DO THEY HAVE UP TO DATE, INTERNET BASED TOOLS TO ENSURE SUCCESS?
- ✓ DO WE PROVIDE OUR TRAINERS WITH BRIDGE-BUILDING PROGRAMS AND RESOURCES DESIGNED TO BUILD BETTER RELATIONSHIPS WITH THE ENTIRE MEMBERSHIP BASE?
- ✓ DO WE PROVIDE THE MOST EFFECTIVE INTRODUCTORY PROGRAM TO ENSURE BETTER RETENTION?

Greenmaple Wellness. Member Relationships made meaningful...bottom line results delivered.

...VFP

continued from page 3

ogy because every customer seems to have their own "secret sauce" that they ask us to automate and incorporate into a custom system. Some of these innovations include automatic email functions to prospects and members, a referral marketing module to drive more prospects into the club, automated needs assessments, integrated price presentations, dynamic health risk assessments, a complete fitness assessment system, and automatic contract generation. There are also some innovations customers have asked us to build that we are not allowed to discuss.

CI - Tell us about some of your happy Visual Fitness Planner customers please.

DA - Our customers vary greatly from very large organizations, such as Goodlife Fitness, XSPORT Fitness, Lifestyle Family Fitness, and Urban Active, to great regional groups, like Brick Bodies, Elmwood Fitness and Mountainside Fitness all the way to large and small single site operations. We strive to make the customer happy by building a system that matches and mirrors the way they do business.

CI - Your ad to the right, on page 21, lists eight specific items VFP does for

clubs. You've summarized them, but let me review:

- **Auto E-mail Function**
- **Paperless Contract Generation**
- **Automated Sales Summary**
- **Complete Fitness Assessment**
- **Member Education Platform**
- **Lifestyle Calendar**
- **Health Risk Assessment**
- **Before & After Imaging**

DA - Norm, the purpose of Visual Fitness Planner is to provide a technology solution for clubs that educates and motivates the consumer to take action on his health and fitness. Our core technology creates an emotional "trigger" for the consumer that does just that. In addition, our customers are constantly asking us to advance the technology to add greater value to their operations and all of these items are a direct result of us listening to the customer and building in additional functionality to help them improve their business.

CI - Club owner/operators seek to maximize income generation in any legal way possible. How does VFP help clubs maximize income?

DA - Great question. We help clubs maximize income by increasing the closing ratio for new memberships, generating higher quality referrals, increasing the show ratio of new members to their initial fitness assessment or new member orientation, and increasing personal training sales, so we actually improve the greatest income producing departments of a club.

CI - Daron, please answer the same question on the expense side for clubs. How does VFP help clubs control expenses?

DA - Another great question. The most important area that we help a club control expenses is through staff training and development. Since the technology we build for customers is designed to match and mirror their systems, our technology also becomes an ideal training platform. The technology includes everything from the rapport building screens, to the needs assessment, all the way through the price presentation. New employees can be trained faster and begin to produce income sooner, saving invaluable time and money.

CI - Daron, in my December edition I wrote an article entitled, The "Wheel" for Club Success. In that article, Programming was one of the ten spokes in The "Wheel".

Clearly, VFP offers one of the single best programs for members on the market anywhere, and I mentioned VFP as one of the companies for programming in my article in the same issue entitled, "Use the Pros". I believe Visual



Fitness Planner is a terrific tool for clubs, clearly a great tool for club success, but the DIFFERENCE is that what a club owner will pay for VFP for one year is a fraction of what a club owner might invest in just one cardio or strength machine. Very importantly, a club owner who installs VFP literally creates a very special relationship with each of his members and his club(s) thereafter. Am I right about this? If so, tell us how VFP creates member bonding relationships that result in member satisfaction, thus increased retention and new member referrals.

DA - Norm, I recently gave a seminar at the IHRSA International Convention on Programming for new member integration that would increase revenues, but more importantly, it would increase member retention. In that seminar, I outlined what TRUE new member integration includes. I will list that out again... Education, Motivation, Visualization of

Goal Achievement, Short-term/Long-term Goal Setting, a Plan of Action, Program Selection, Workout Accountability, Periodic Assessment, Behavior Modification, Next Steps Discussion, a Feedback Loop, and then repeat-

ing this process. The Visual Fitness Planner does ALL OF THIS, and I am sure that I am biased, but I truly believe that clubs would have a hard time finding a better return on their investment than Visual Fitness Planner."

Congratulations to the entire Visual Fitness Planner Team on reaching a true milestone with VFP now in over 500 clubs!



...Cliff Buchholz

continued from page 18

offer free memberships for a number of staff members of charitable organizations. We work with Harmony House, a women's shelter, and are always looking for opportunities to give back to the community.

Ray: Do you find these volunteer efforts also not only allow you to give back to the community but also provide a bonding experience among the staff as well?

Cliff: What is really important is that our members and staff don't see it that we are just trying to make a dollar. This year, we have spent almost a million dollars in repairs and improvements. I have averaged over \$500,000 per year in this club for over fourteen years in im-

provements. We feel that is important and will probably do at least a million next year. You have to keep putting it back into the club. I've got a long-range vision, and as you know, it's a family business. My son in-laws and my daughters run the clubs, and my vision is that we'll get our rewards down the road. Obviously, we've got to manage well and run an appropriate business. We're in it for the long haul.

Ray: I've met both of your daughters and worked with both of your son in-laws and they are constantly growing and becoming better at it. How much fun is it for you to know what you're building here?

Cliff: That partially makes it all worthwhile. You would always like to have your staff be better than you are. To have your train-

ers know more than you do about fitness, your marketing department know more about marketing, and you want every department to know more about their department than you do. That's what I strive for. Then, I play my role of sort of guiding and looking at trends and monitor what's taking place in the industry, and then give them some guidance. The staff and the managers really run the business.

Ray: Years ago I had the privilege of working with one of the true legends of this industry, Dale Dibble. Dale was years ahead on his concepts and visions and ingrained his vision into the entire club every day. He wasn't just working to retire. He was motivating and seemed to be having fun every day. Is it the same for you?

Cliff: You know that this is



Miramont South Reception Area

my retirement. I had another business. My brother and I had a professional tennis tournament for 20 years, usually called the "Lipton". We started it with nothing, and it became the fifth largest tournament in the world. We sold it in 2000 and stayed on for a couple of years because I

had an incentive to stay on. Then, I retired to do this. It is not a day job, it's what I enjoy doing.

Ray: You had these clubs prior to retiring?

Cliff: I didn't have this second club. I had the North club but had bought the

(See *Cliff Buchholz* page 22)

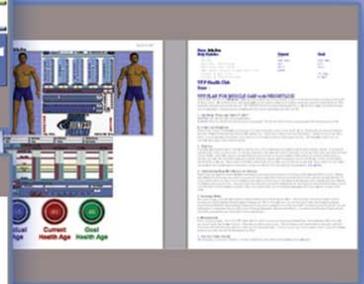
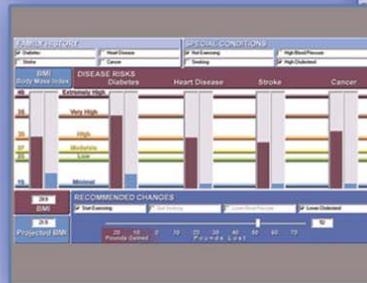


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...Cliff Buchholz

continued from page 20

land and built this South club in 1996. At that time, I was sort of moving out of doing this, and I had a tennis club in Denver and sold that in 1998. I then invested with a friend of mine in a fitness club in Denver which is a very interesting club but a totally different style club from what I have here. It is very successful.

Ray: I can't see you enjoying any other type of club.

Cliff: I wouldn't want to be in a facility that was focused only on making a profit; just focused on a specific demographic such as the 25 to 35-year-old singles. I am more into the family, programming and the people that come every day.

Ray: How has your lifestyle changed from running a tennis club to this more family-oriented club?

Cliff: A lot of people say the job I had before as the tournament director was great. I got to go to the tennis grand slams for over twenty years, but this is much more enjoyable. I still get to go to

some of the tournaments to watch and not work. This is more enjoyable because every day and every hour, you are meeting someone who is taking care of himself and getting better. There is nothing more rewarding in this business than to see little kids working out. I'm working with a little nine-year old who is one of the top tennis players in the country. I get to play tennis with her, which is really fun for me. I get to work out every day, even though it takes me a lot longer to work out than most people because I talk to everyone.

Ray: How often do you get to play tennis?

Cliff: During the summer, I play a lot more, probably two to three times a week. We also enjoy skiing. We have a big family, with seven kids, all here in Ft. Collins, and eight grandchildren who are all in here working out, and that's fun to have all the family around. So, the lifestyle is much more enjoyable for me now. Professional tennis tournaments are intense during the two weeks of the event, but you're out

chasing a dollar every single day. You have to get sponsorships, television and retail. You're not relating to people at all. Here at the club, you're relating to people every day and that's what makes this rewarding. Owners and managers can make the mistake of spending too much time in the office. You should really be out there with the members having fun.

Ray: I know you've taken some concepts from the book "Younger Next Year". I think it's a tremendous book, and it just proves how hard it is to get people going. How do you handle that?

Cliff: One of the few good things about getting older is that, when you do exercise, you tend to get results fairly quickly. When you're 20 or 30, and you start working out, it can take two or three months to see a difference. If you start working out when you're 70, you're going to start to see a difference in two or three days. When you do it for an extended period of time, you're really going to see a remarkable difference, and that's "Younger Next Year".

Ray: I see a huge increase in that group because they truly value their health. It's not just about having great abs, but improving your health. As we go further down the line, as more people that age begin exercising, a referral system becomes more important. Do you see that changing the way we approach referrals?

Cliff: "Baby Boomers" still have time to make changes. They have money, and if you work with them, they will be with you for a long time. We have major competition coming in a mile down the road. I don't think we are going to see any of our families or baby boomers leaving because they are involved here. I haven't had anyone come to me and say, "My son's in a program, or my wife's in a program, but I'm going to leave". That's just not going to happen. If it is a younger person who only comes in to use the treadmill, I'm probably going to lose that person because they'll look for a cheaper product.

Ray: If they're not using different aspects of the club, then you mean it has no

value to them?

Cliff: Yes, our job is to find a way to get that person engaged. If you can't find a way to keep them engaged, and they want something that is less expensive, you're probably going to lose them.

Ray: You are saying, if they are using different parts of the club they are probably more apt to refer someone who is similar to them and ready to be engaged, so they'll use those same facilities?

Cliff: We have a program called Silver Sneakers, which is for seniors, and we love seeing them come in and bring their friends. You know they haven't worked out very much, but they will come in and do the class, then they'll go up and have coffee, then they'll go back and do their weights, and then go use the running track. They'll end up spending half the day here, and that's great. We love seeing that. That's what we're all about.

Ray: I've seen a lot of clubs, many who do a lot of these little things you are doing here, but lacking in some (See Cliff Buchholz page 24)

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"New Paradigm Partners has a huge advantage as a consulting firm in the health club industry as they not only have a variety of clients but their own successful health club. Their approach to sales and marketing reflects not only their "real world" experience but a consistent willingness to role up their sleeves to help our staff steadily improve. Additionally they have added an innovative technology dimension to our sales approach which has been extremely helpful. We opened the 105,000 sq. ft Hockessin Athletic Club in June 2007 and exceeded our pre sales goals primarily because of their wise counsel. I recommend them highly"

Roger Ralph – Principal, Hockessin Athletic Club

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Thursday, March 6th
E-Programming: 25 Winning Website Campaigns that will Drive Fee-Based Programming

Friday, March 7th
Six Components to Highly Effective Health Clubs

...Cliff Buchholz

continued from page 22

other areas. How important is it that you have the entire concept in order to make it a real success?

Cliff: Extremely important. We have over 300 employees, and with the new club will probably have around 450. They are the key to this whole concept.

Interview With The Club Managers.

Ray: As you know, there are a lot of clubs with similar facilities to yours that are having quite a rough time maintaining their net memberships, let alone having the sizable increase that you have accomplished. So, in this group discussion, any input you have that can help explain this great success will be helpful. If you had to pinpoint the exact lesson or learning experience you gained from Cliff in this situation, what comes to mind?

Management: We have thought these over and will answer as a group.

1. Reinvest back into the facility
2. Give back to the community
3. Take advantage of professional advice and consultation. We have used the best in the industry; Rick Caro of Management Vision; Rudy Fabiano of Fabiano Designs, Ray Gordon and Jeff Masten of Sales Makers. We use the best that's out there.

Ray: What does Cliff personally bring to the clubs?

Management: Two things jump out at us. One is his entrepreneurial spirit. Second, he spends a large part of his time looking at other facilities, going to conferences and trying to stay on the cutting edge of industry. We would like to add that he also has a true passion for the industry.

Ray: When I've been at your club previously, Cliff has many times stopped in on meetings and reiterated to the staff how important it was to truly give four-star service in all parts of the club. He lets it be known that it was up to them to carry this out. Is this a common operating method of Cliffs' and does that help?

Management: Yes it helps. Cliff did it last Wednesday at a meeting and again Monday morning at a meeting. Any time that he's walking around and sees a meeting going on, he heads right in and spreads his words of wisdom.

Ray: You had a tremendous 2007 and an outstanding start in January 2008. Can you pinpoint specific things that are generating these results?



Miramont North

Management: Speaking specifically to the North club and its massive net growth points to one thing primarily; the Sales Makers system. The system of connecting with the members, encouraging the members, helping the new member get started. It is not that we're selling that many more memberships than we have in the past, it also reflects a huge increase in the retention. Our cancellations have been reduced by 35 to 45%. It is a matter of plugging the member in with many different departments and the membership staff staying connected to them. We strive to create an atmosphere where they feel comfortable and welcome. We give them free coffee at both clubs. Coffee for the North club can be \$500 a month and for the South club alone can be up to \$2500 a month, but remember, we're getting 1800 to 2000 usages per day.

Ray: Chris, you manage the North club, what was your net member increase in 07?

Management: I'm proud to say that that number is an outstanding "912" Net increase. We sold 2030 memberships in 2007 just at the North club. The South club also had a net increase in membership and is very near its capacity level.

Ray: Great job. That's an amazing accomplishment, especially on high-end clubs in today's competitive market. What major trends do you see in the health club industry?

Management: There's going to be a larger market penetration. The percentage of people who are actively exercising is going to grow. Miramont Lifestyle Fitness has about 18% of the City of Ft. Collins, and we have eight other clubs competing with us, so the number of people in Ft. Collins who exercise is fairly high.

Ray: Colorado is one of the healthiest states in the country. Ft. Collins provides a lot of recreational opportunities; in what way does this effect memberships?

Management: It definitely does not hurt us just for the mere fact that it is difficult to do the same sport
(See Cliff Buchholz, page 26)



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Who is the National Fitness Business Alliance?

National Fitness Business Alliance was created with help from independent club owners who were looking for information and ideas that will help them reach financial success. The National Fitness Business Alliance believes you can make money ethically without the negative sales images. We can attract new members without offensive ads. We can make money by charging a fair price for the product we sell. Most importantly, we can learn to compete as independent club owners and operators against any club or chain in the country.

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The National Fitness Business Alliance and IHRSA have formed a partnership along with our elite team of industry leaders, to provide owners a variety of information, tools and products that will provide you financial success for today and the future. We can help you with almost any problem you encounter in your fitness business. Our workshops features an exhibitor showcase that will provide you the tools to overcome your staffing issues and network with other owners and managers who experience the same difficulties as you.

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*National Fitness Business Alliance reserves the right to change dates and locations as availability dictates. Workshop presenters are subject to change based on workshop subjects and dates.

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...Norm's Notes

continued from page 14

MAYER, the newest Associate Partner at New Paradigm Partners!" **-Bob Esquerre, Esquerre Fitness Group**, Boca Raton, Florida. The principals of **New Paradigm Partners, MARIA PARILLATURCO, RAY COASSIN** and **CHRIS PACIFICO** have also developed **FitRewards**, a terrific member bonding tool for clubs, so check out their Fit Rewards ad on page #17. Visit FitRewards and New Paradigm Partners IHRSA Exhibit #4217.

• Welcome to new advertiser, **Connor Sport Court International**, a company that provides a variety of flooring products for clubs. Go to: www.connorcourtsports.com and also check out their ad on page #31 and visit Connor

Court Sports at **IHRSA San Diego at Booth #4325**.

• Last month when I wrote **CONGRATULATIONS** to my son **JUSTIN** on his graduation from the **University of Georgia** on December 15, 2007, I somehow completely forgot to mention that he had achieved a goal of his on his last semester in college. That was when he earning a 4.0 G.P.A. for his final semester. Justin and I were talking last Summer about his upcoming graduation, and I told him he had a choice between partying too heartily his last go round at UGA and bringing home maybe a 3.0 or 3.2 or going out with a real bang as a high academic achiever. He chose to *work real hard*. And, *real hard he did work!* He even earned an "A" in his Independent Study, Business Management 5000

Graduate-Level Class. I am very proud of his 4.0, especially in his last Semester and told him, "Justin, in this one semester alone, you earned more A's than I did in 16 years of matriculation!" But, I will add here: He earned his 4.0 while partying heartily with his girlfriend, **DANIELLE** and his **Phi Kappa Theta** brother during the great **UGA 2007 football** season! Now, as some of you may know, Justin is working on advertising sales as one of several duties for **CLUB INSIDER** and he has now signed up three new advertisers for this issue! I expect more progress and success in this area of focus for Justin, and we seek your advertising support if you are a vendor. We are both very happy and excited to be a "Father and Son Team", and right now, we're especially

excited about Justin being in **San Diego at IHRSA 2008** to meet you great folks during his first convention as a full-time employee. Many of you met him 22 years ago when he was in a baby stroller at the IHRSA (then IRSA) events! We both hope to see you in **San Diego!** So, please contact Justin at: clubinsidersales@mindspring.com to set up an appointment for him to visit your Exhibit and discuss possibly joining our terrific CLUB INSIDER Advertiser Team.

• **Congratulations** to my **DAD, NORM CATES, SR.**, as he is recovering well from his December 18th hip replacement surgery. He turned **90** on December 27, 2007 and spent his birthday in a rehab center. The other day I told my Dad "Now, you're all set to go to 100!" **God bless you, Dad!**

• **God bless our troops, airmen and seamen** as these brave men and women risk life and limb everyday for all of us in Iraq and the Middle-East. **God bless their families** for the sacrifice they make for all of us. **God bless** the citizens of **IRAQ** as they deal with daily death and destruction from suicide bombers. **God bless** you and your family. **God bless America!**

(Norm Cates, Jr. is a 35-year veteran of the health, racquet and sports club industry. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

...Cliff Buchholz

continued from page 24

year-round. A large portion of our climbing crowd has limited club usage in the summer and our cycling groups are heavy users for seven to eight months of the year, while skiers train in the summertime to prepare for the fall and winter season.

Ray: What industry trends do you feel will make Miramont Lifestyle Fitness even stronger?

Management: Successful clubs are going to survive and excel because of the total member experience. I think that experience for me is to provide programs and activities for all ages from youth to seniors. I have relied heavily on the social component; the idea is to involve the members socially. I think that's what makes our clubs stronger in the market, the free coffee or people you can socialize with. We have a Friday afternoon club and member parties after every four to six-week program. We have social activities like hiking clubs where we go up into the mountains. We have ski clubs where we use our vans and take skiers up to the mountains or we even take senior citizens shopping.

Ray: That's interesting about the senior citizens. Tell me more.

Management: We have a program calendar, and

that's just one of the things we offer. We take them over to the shopping area, and they go shopping and have lunch just like we take our hikers up to the mountains. They love it. We have a cancer benefit that brings some community recognition and credibility as far as what Miramont Lifestyle Center is trying to do on a wellness component.

Ray: You have had some recent experience with the big-box national chain in your market place, what roadblocks have they caused for you?

Management: They are going to effect a member who doesn't see the value that Miramont Lifestyle Centers have to offer. They are looking for low rate and steel and iron. Those people are probably never going to understand the value of what we have to offer. Not just the four-star service that we continually strive to give our members, but if it's about money, Miramont Lifestyle Fitness Clubs have a business partnership directory where you can show your Miramont card and receive a discount with monthly savings far more than the difference in dues.

Ray: Martin Johns was promoted to the new position as Sales Manager of both clubs approximately two years ago. What has been the result of that management assignment?

Management: Martin oversees the Membership Department, ensuring that they are following the Sales Makers System designed to increase retention and referrals. We had some outstanding salespeople, but they only did what worked best for them. So, Martin came in and embraced the whole Sales Makers System of connecting members at the ground level. He now has the ability to track our marketing versus just spinning it and thinking that it works. Now, you can track it down to the membership.

Ray: You have Body Training Systems, is that correct? In the industry, we are hearing such glowing reports connecting group exercise and retention, how is this working for you?

Management: We like it because it caters to members of all ages and abilities. I like it because of its consistency and its professionalism. It enables the member to connect with Miramont Lifestyles as a club and not just to one particular instructor.

Ray: Have you noticed an increase in the retention of members using group exercise from Body Training Systems?

Management: Yes, yes, yes! Last week, at the South club alone, we had over 12,000 check-ins for the week, and 26% of those

check-ins were just for group exercise. Our usage rate percentage for BTS group exercise is increasing faster than our percentage increase in overall check-ins. We use the BTS goal getter system to reward people for using it 16 times in 60 days, so we give a lot of incentives to bring new people in for group fitness. They enjoy it which means they stay and refer more people.

Ray: You recently changed the name of the clubs and branded them as one under Miramont Lifestyle Center. What has the significance of this been?

Management: Just brand awareness because the clubs are located on opposite ends of the town and we're preparing to build our third club. We wanted to be known as one professional unit. Our clubs are completely different, but the branding makes people aware that they're going to receive the same high level of service anywhere within the brand. Even though there are different amenities and different price points at each location, they will receive the same high quality service, cleanliness and program opportunities.

Ray: When did everyone first become involved in the industry?

Management: Chris started in 1998 working at the front desk. Shane started

in 2002 and Martin joined us from New Zealand in 1992 as a personal trainer.

Ray: Cliff mentioned that your staff does a lot of charity in community work. That's got to be a real team builder. How do you view it?

Management: We had 25 staff members volunteer for a charity race for the Boys and Girls Club two weeks ago. That's what we're all about; working with the community.

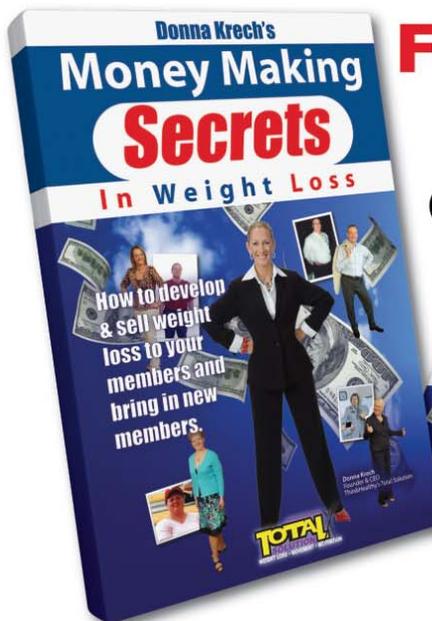
Ray: How does the membership department really contribute to your overall profitability?

Management: We have a really good team of membership staff in place who see the value in not just selling memberships, but creating a connection with new members. This proves that results come from these efforts. We wouldn't be where we are without them. It is not just raw sales ability. One person had never done sales before, another came from the banking industry, but everyone has embraced the connection with the members and we are seeing phenomenal results.

Ray: Cliff Buchholz has successfully differentiated his clubs in many ways shared in his interview. Other club differentiators not discussed include: a pre-school in the South club; indoor rock climbing in the North club; offering corporate/wellness *(See Cliff Buchholz, page 28)*

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If you ever wondered how to sell weight loss to your community, be the total solution provider and make millions by being the top supplier, now you can find out!

My name is Donna Krech and I developed my own ideas into 3 product lines that have helped millions of people make millions of dollars and shed millions of pounds, around the globe. One of our companies was even coined by Oprah's Oxygen Network producers as “the best kept secret in weight loss.”

Because so many of the people I talk to in my speaking and consulting business have no idea what's really involved, or that its even possible, I recorded a 60 minute CD that I will give to you for free when you pay the shipping and handling cost. It has a lot of valuable content about developing and selling weight loss to your members, and it even tells you how to bring new members into your doors. You will learn things like:

The business development process I used to make my network of people millions of dollars
4 new income streams for your club that cost less than \$100 to implement

How to tell if you are ready for weight loss in your club and what to do if you aren't

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How to tell if weight loss will sell in your club before you invest any money

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How to have 95% closing with your new weight loss business

Disclaimer: The content of this program does not guarantee profit or gross production. Marketing, sales produced, adherence to systems and miscellaneous expenses will determine your clubs production as well as profit. Dollars generated will be based 100% on your personal implementation of the systems taught. This is not an earnings claim. It is an advertisement for a business development content CD.

Walking the Talk

By Shawn Vint

Inevitably, when you make claim to something, you have to 'walk the talk' in order to prove that what you are saying is true. This truth is no less so in our industry.. Yet, many independent club operators are missing out on the opportunities that abound for increasing and maintaining their membership base, if only their facility would 'walk the talk', too.

Businesses develop a loyal client following by first establishing credentials in that respective industry. Secondly, once you've established those credentials, you build good relationships with the individuals and groups you want to do business with. No sound business strategy can run effectively or maximize profit potential without incorporating these two basic elements.

Our industry is about

wellness, not just fitness. Yet, far too many club operators and the teams they work with have yet to capitalize on this by taking the 'wellness formula' to heart within their own lifestyles and organizations. That would be analogous to hiring a craftsman who had acquired all the tools for his trade, yet had failed to actually learn the practice of his particular art. Most individuals would not hire the craftsman who hadn't learned his trade, so why would they 'hire' your facility to look after their wellness needs if they aren't certain ahead of time what your facility's credentials in the wellness business are.

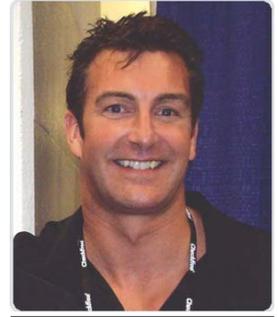
A fitness club's wellness credentials are an integral part of branding. A facility acquires those credentials through consistently imparting wellness knowledge to the membership base and to the community at large. You

cement those credentials in stone when your team consistently demonstrates that they, and you, live a lifestyle worthy of those credentials. If you think that the club by-line ('ABC Fitness Club, *Fitness for Life*'), catchy though it may be, is enough to convince individuals in a competitive marketplace that you and your team have not just the *equipment* but the *knowledge* that will give them the best chance of achieving the wellness that they are striving for, you would be living in a by-gone era or in an exceptionally rare region where competition isn't fierce. You need much more than good signage in today's marketplace to reach the community effectively.

Establishing wellness credentials is also more than just ensuring that your team has the correct 'qualifications' for the job. That's a requirement, no doubt, but only a

baby step. Your membership base also expects to see your team living a lifestyle that is worth emulating... a lifestyle that reflects the image... no, the *credentials* that you are trying to establish. Secondly, a regular and necessary stream of wellness education and lifestyle inspired material should be delivered to those individuals who have made the first step and contacted your club, as well as a method of broadcasting your wellness message to the community at large, furthering your club's credibility as the 'go to' place for wellness.

These steps, along with other well thought out strategies, are what's required if the facility you operate is to be viewed by the community as your town's "Wellness Ambassador". And at the end of the day the best looking facility, the best equipment and the best location will always take a back seat to your wellness



Shawn Vint

branding and credentials as the most potent formula for your facility's success.

(Shawn Vint is responsible for the ongoing Business Development of Greenmaple Wellness Inc. He can be reached by phone toll free at 1-888-355-1055 or via email at shawn@greenmaplewellness.net. Greenmaple Wellness' website is www.greenmaplewellness.net)

...Cliff Buchholz

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programs to corporations (not just selling memberships to them) and huge summer camp programs. No wonder Cliff's clubs have 18% of the market in Fort Collins, Colorado!

Thank You to Cliff and his club managers plus a big congratulations to all the staff at Miramont Lifestyle Fitness. Your professionalism and work ethics have really increased the bottom line for the clubs. Most important, your efforts have resulted in huge numbers of Ft. Collins residents starting an exercise program and succeeding. Using your clubs to accomplish health and exercise goals that they could not have done on their own or at less professional clubs.

The Miramont Lifestyle Fitness clubs and staff are increasing members the right way...They are earning them!!

(Ray Gordon is an industry expert and the founder of Sales Makers. Blessed with the unique ability to understand the process of converting the non-exerciser



Miramont Group Cycling Room

into a raving fan of exercise and its benefits, Ray has taught thousands of health club professionals how to increase sales, retention and referrals. Implementing the "proven profit procedures" of the Sales Makers System for membership sales and management control has earned them the title of "membership

specialists". In today's competitive fitness market every opportunity to differentiate your club from the big box discounters must be seized! Please contact Ray personally with any questions or comments. Ray can be reached at: ray@sales-makers.com or 239-823-3769 cell or 800-428- 3334 office.)

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Strategic Thinking For The Big Chill

By Will Phillips

The times they are a changin', and as leaders you should be aware Cause if the change on the inside don't match that on the outside You headn' for some gloomy times.

-Bob Dylan, Jack Welch and Will Phillips

Are you leading a business?
Are you seeing a change in the economy?
Are you prepared?

If you answered 'yes', read further. I dust off this article (or should it be called a WARNING?) about every eight to ten years, just as an economic slow appears on the horizon. It presents strategies for planning for the best while preparing for the worst. The economy appears unstable. Whenever this has happened in the past, the businesses that have been

prepared and acted in certain ways ALWAYS fare better than those who wait and see.

THE DATA
HERE IS WHAT I SEE.
HOW ABOUT YOU?

Housing: Huge declines in value; few houses selling; lowest number of new homes built in decades; yet the largest backlog of 'for sale' houses. This does not seem to have hit bottom, and then it may take years to recover.

Stock Market: Continues to have losses responding to housing sub-prime fiasco. Major banks and brokerage houses post some of their largest losses ever.

Economics: Recession talk on Wall Street for the first time in seven years.

Labor: We have a shrinking workforce population. As boomers are retiring at the top there are less and less workers behind them to take their jobs. Thus, there

are lots of jobs and fewer people to fill them. This becomes a huge shortfall for middle and upper managers. Probably the tightest squeeze in history. Your 35-45 year old managers will be in short supply.

YOUR CHOICE

Make the following assumptions, and then you would not have to worry about an impending CHILL.

- The pundits are wrong as often as they are right. Look at the recent election predictions.
- Our core business is booming; we have a long backlog; no need to worry now.
- Our business is recession proof. People need us whether the economy is strong or not.
- We survived the last recession just fine. Why worry?

We encourage you to post these assumptions in your executive meeting

rooms, and then challenge everyone to try to gather evidence to show they are false. Then, review the data quarterly. There are assumptions specific to your business to examine. Every organization is built on assumptions. We discourage you from blindly ignoring or not even knowing the assumptions on which your business model is based. Too often the model fails because of unexpressed assumptions on which the plan was built fail. Good leadership includes identifying and monitoring those assumptions.

SEVENTEEN STRATEGIES TO PREPARE FOR ANYTHING

It is difficult to foresee the future. So how is one to prepare? You can't prepare for **EVERYTHING** - there is not enough time or resources. An insightful approach some leaders have found useful is to prepare for **ANYTHING**. This requires more thinking



Will Phillips

and far fewer resources. It is based on the concept that there are some things you can do now which will prepare you for a very broad range of possible futures. The real challenge is having the courage and discipline to begin eating well and exercising regularly before the heart attack.

I. Stay In Touch With Reality - Identify assumptions

Most plans fail be-
(See Will Phillips page 32)

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...Will Phillips

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cause the planners did not take the full reality into account. This may happen when you build a plan based on one or two critical assumptions. If the underlying truths of your assumptions change, you need to change the plan. Have your senior executives identify the assumptions which drive your business model, strategic plan and current budget. Set up permanent responsibilities for individuals to collect data to monitor these assumptions. Religiously review this data quarterly; look for trends. But, research shows that such review and analysis systems are rarely well implemented. Why? Few of us like to challenge the assumptions we've made. We are much better at denial. This is where a smart, tough outside facilitator earns their pay.

Steps for monitoring your assumptions:

1. Get input from strategic thinkers who know your business: Go to their sessions at the IHRSA Convention. What assumptions, if changed in the world we operate, would impact our business negatively?
2. Collect and sort the assumptions into a critical few.
3. Get input to weight the size and scale of the potential business impact.
4. Get input on how likely the change will be in the next five years.
5. If you've identified the critical assumptions, post them in the strategic thinking room. Figure out how to monitor them and report every four months.
6. If you have not identified critical assumptions, watch out, they are attacking you from behind!

II. Create "What If" Scenarios. "What if" income dropped by 30%? How would it impact us? How could we respond? A 'what if' scenario is more than a casual discussion; it's part of building of a real plan. When I was leading mountaineering expeditions in Alaska and Peru, we did not just talk about what we'd do if there was a crisis (for instance very bad weather), we practiced it. As a result, when a ten-day, once-in-

a-century storm hit us high on Mount McKinley's South Face in 1967, everyone on our twelve-man expedition walked away alive while another expedition on the other side of the mountain lost eight climbers.

III. Build Versatility in Staff Take full advantage of the benefits of cross functional teamwork to develop new knowledge and skills in all employees. The person who can do three different jobs is more valuable to the organization and to themselves. When everyone can do more jobs, the peaks and valleys of workloads can be smoothed out. This can reduce the number of employees needed and get the work done better.

IV. Build Your Adaptability Quotient As the world changes, so must your business model. A business model is like an equation. It must be balanced. In other words, when one factor in the external equation changes, a complimentary change is required on the inside for the equation to remain balanced. An unbalanced business model means you require more (energy, money, time or resources) than the external world is willing to pay you, or donate to you if you're a non-profit). Thus, you move into deficit. A positively balanced model means you move into a growth mode where the external world delivers more resources than you need now. What is your model? (See the first discipline in Peter Senge's *The Fifth Discipline* for help) Is it balanced? What are the levers to use in re-balancing it?

V. Build Your Innovation Quotient A "what if" scenario might identify "What if the cost of gas goes to \$5 a gallon?" How can you innovate to address decreased sales or usage that might result? This builds innovation, adaptability and versatility-valuable in their own right. Drive innovation at all times. It is often the first to go in a crunch.

VI. Build Reserves The research done by Royal Dutch Shell, and published in the book "*The Living Company*," explored the characteristics of long lived businesses". They uncovered a group of organizations which

were very long lived - many over 200 years, the longest over 700 years. Four characteristics were discovered. One was fiscal conservatism-building and keeping financial reserves. If income dropped five percent, how long could you run? Set a goal for reserves like: we can run for three years with a ten percent drop in income. Having reserves means not living on the edge. Some organizations have such great aspirations that they will never have enough resources to pursue. Thus, they run thin. Both mountaineers and organizations need reserves for surviving changes in the weather.

VII. Build Capital Investments Carefully addressing facility maintenance and improvements and equipment upgrades is another way to increase your reserves. A new HVAC system can reduce operating and repair costs. Insulating the roof reduces AC and heating costs. Is now the time? Maybe, but only if you have strong cash reserves and have been building your capital fund.

VIII. Connectivity An organization is only as good as the connectivity between people. When slow-downs occur, people wonder and worry. Rumors find fertile ground. This is the time to audit your internal communication and complete any upgrades before they are needed. Make sure everyone is connected. Start by asking all employees: Do you feel well informed about the company, your department, your job and your future?

IX. People Plus Most well run organizations have realized that getting the best people and making them better is the critical element in success, not capital, not land, not equipment. Even when the economy or your business slows down, do not stop recruiting the best. Don't stop developing and training your people. Don't depend on a slowing economy to drive good people to you.

X. People Minus Use this as a time to evaluate people. Who are the marginal performers? The problem employees? The ones without the potential? A chill may be the time to take corrective action.

Portraits of REXcellence



Faith Pulis, The Thoreau Club
Concord, MA

“

I get a broad educational perspective on a variety of issues (leadership, management, and different ways to view our business), unbelievable networking and support system from REX Roundtable members. Average annual growth is 13% a year for the past 13 years.
~Faith Pulis

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**Learn more at
REXonline.org**

XI. Productivity This is a measure of efficiency. When an organization produces the same results as another and uses fewer resources, it is more efficient. If you don't have productivity goals every year, inefficiency creeps in. You add more staff and more procedures and more resources, yet produce the same product or service in your customers' eyes. This is how bureaucracy grows. Every healthy organization is constantly seeking more productivity. This is where having the right people makes a real difference. It is their ability to learn and create that enables the productivity to occur. Having a 5% annual increase in productivity keeps you healthy. Remember -- productivity is about working smarter, not harder. Without this drive, every organization finds it needs more people, more time and more resources every year; yet the output only marginally improves. An excellent measure of productivity is your total labor cost to serve the number of users you have.

XII. Expand The Market Review and re-learn your customers' needs. What do they value? Set aside time to bring a group of creative people to brainstorm how to serve more of their needs. Remember the essential human needs have not changed in recorded history -- only the ways they are met. See our Management Briefing on Intuitive Marketing for more depth on this topic. Companies which want to stay ahead

of the curve can get a foundation here with extensive and regular market surveys. To see how marketing research can be used, buy the Starbucks Case History on www.HarvardBusinessCases.com on delivering customer service.

XIII. Make Your Customers' Day Don't cut back on customer service. Take the lead in building these relationships, especially while others may be neglecting them. See the review of *Fish!* on www.REXonline.org for ways to 'make your customers' day'. Or, take an even deeper look at customer service with "*Firms of Endearment and The Value Profit Chain*" by Heskett, Schlesinger et.al (The latter spoke to IHRSA, then IRSA, about 18 years ago, and when I chatted with him, he did not think his message got through). Maybe you are ready now?

XIV. Keep Investing In Information Technology Now is the time to get current and upgrade your staff's knowledge base in these areas. If you haven't started to seriously invest here, get going. In particular, get an internet strategy for acquiring and keeping members. Forget your web site, start blogging and exploring how to use social network web sites to build community.

XV. Completely Redesign Your Budgeting Process The agony that many businesses go through to negotiate a budget has become archaic. Too much
(See Will Phillips page 35)

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Retention Management Continues Strong Growth in 2007

CHARLOTTE, N.C., February 4th – Retention Management announced this week another strong sales year in 2007. During the fiscal year ending on December 31, 2007, 279 clubs, representing over a half million members, enlisted Retention Management to assist them in their fight against attrition. With clients in all 50 U.S. states and Canada, Retention Management's growth in 2007 continued to come from almost all areas of the diverse fitness market, including independent clubs, medically-based facilities, YMCAs, JCCs and multi-club companies.

"We are pleased with the maturation of our business model in 2007," said Richard Ekstrom, President of Retention Management. "The industry has begun to accept the economic reality that increased competition negatively impacts new member growth and our message of active attrition defense is resonating with clubs. Retention Management is growing because we continue to provide a quality product, an excellent client experience and a very substantial financial return."

Retention Management is well positioned to enjoy a very strong 2008; the company is planning to introduce several key product enhancements to expand client's ability to reach out to their membership. Also, Retention Management's UK branch is poised for a strong sales year, further expanding the company's growth into new markets.

About Retention Management: Retention Management, a privately held company, provides the technology solution that creates a seamless support system for health club members throughout the cycle of their membership. Their focus on member attendance, health/fitness education and the automation of attrition defense systems is an extremely comprehensive and innovative approach to improving retention and in-

creasing club revenues. Retention Management eliminates many of the complexities and time demands of run-

ning a comprehensive retention improvement program for a club. Their mission: Create a positive impact on a club's

bottom line through improved member retention.

For information on Retention Management Contact:

Christopher J. Werte - Director of Marketing 1-800-951-8048 Ext. 4
chrishw@retentionmanagement.com

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... Will Phillips continued from page 32

time serving the budget, and it is clear that you become a business of the budget and lose focus on your mission. The budget must be driven by your mission, objectives and strategies (MOS). A top team should announce or reaffirm these and then ask each unit to prepare a response on the top things it must do to achieve the MOS and the cost. A maximum of 25 budget lines; this can be done in a week. Then, all the unit leaders and the top team sit together for 2-4 days and work out the budget. Conflicts are resolved on the spot. This level of speed lays a foundation for responding to any changes in real time not bureaucratic time.

XVI. Build Your Radar Develop early warning indicators. Don't try to manage by waiting until the horse is out of the barn. That is too late. Talk to other CEOs, your bank's economist, your Chamber, your industry association and read the Wall Street Journal. Look for signs of what is appearing on the horizon before it hits.

XVII. Build Your Team's Functionality.

"The Five Dysfunctions of Teams" by Patrick Lencioni (reviewed at www.REXonline.org) is destined to become a classic in revealing how your management team is dysfunctional and what to do about it. REX has conducted a half-dozen workshops using these tools to strengthen club management teams with powerful effects.

WHAT ELSE?

If you pursue the strategies above, you would also change the mind set of those involved, which will no doubt open up more strategies. Above all else, move fast, be bold and move together.

Create a Strategic Team to explore the impending recession in your area and explore the seventeen suggestions above. Which can you work on now? Which later? Which don't apply to us? Don't try all of them at once. This process will most likely help you surface other approaches. Your strategic team might be you and your spouse or you and your management team. The best team would be you and a handful of other club owners as they will have a bigger picture and be

more ready to embrace new strategies. If you want advice on forming such a group, see my article on Master Mind Groups in the Club Insider last year.

Recession planning is a bit like fire prevention. If you have done your homework, you will survive a fire better. But if there is no fire, you have not harmed the business.

RECESSION SALE?

Many clubs discovered that they were not hard hit in the last economic slowdown. Believing that when times got bad, people had more time for the club and also needed the stress relief more. Maybe you can build a promotion based on these ideas; BUILDERS, ARE YOU OUT OF WORK? STAY IN SHAPE DURING THE RECESSION WITH OUR RECESSION SPECIAL: JOIN NOW AND PAY ½ PRICE UNTIL THE DOW HITS 12,500 (You choose the number).

THE FINAL STRATEGY

Again and again, in multiple industries over multiple recessions, one best

strategy emerges. If and when revenues start dropping, you must start cutting expenses proactively and aggressively. Companies that do this cut expenses 20% more than needed to balance the budget. The extra 20% is a reserve in case the recession gets worse than expected or lasts longer than expected. It also becomes the kitty that funds you to coming out of the recession with a blast, instead of limping out. This takes courage, which is why it is done so rarely. Right now, you might set up your RED FLAGS. These are warning flags which require action when they pop up. One might be that when monthly sales are lower than the lowest of your last three years sales for a particular month. Or when sales are below last year's sales for three months in a row.

Start talking with your members and find out how they are reacting to the slow down. As the owner, sell a few memberships each month to see if recession thinking is causing buyers to hesitate.

(Will Phillips has over twenty-six years of practical experience as a management consultant in 34 industries and

9 countries. For the last 19 years, he has chaired executive round tables for owners of leading health clubs. Over 90 industry leaders participate in 8 Club Roundtables. His input and out-of-the-box thinking about the club business has added immeasurably to the growth, profit and strategic positioning of these clubs. Learn more about Will at www.REXonline.org)

**MAKE
 IT
 FUN!**

Tim Richards' Comments On ECONOMIC DOWNTURNS

Based upon thirty-four years in business, and having "survived" several (some severe) economic downturns in the local and general economy, management strongly believes multi-purpose "family" oriented athletic clubs like OHAC are "resistant" to such slowdowns. Management attributes this phenomenon to the following four factors:

1) During economic hard times, management believes people tend to cut back first on expensive vacations, second homes/condominiums, country clubs, etc. before eliminating their memberships in a multi-purpose, family oriented athletic club such as Orchard Hills Athletic

Club. (OHAC).

It is a literal truth that the cost of a seven to ten-day vacation on the beach in the Caribbean, for example, for a family...especially with children...will cover the cost of membership for that same family for two whole years at OHAC, and still have money left over! Furthermore, as members, they can use OHAC every single day of each year.

2) In management's opinion, a large percentage of people who have lost their jobs, or sense that they are about to be laid off, etc. exercise because they want to look and feel their best when they go out and interview.

3) In stressful times,

people who exercise regularly not only feel better physically, but also have the sense of maintaining a greater degree of control over their daily lives, sleeping habits and professional/personal relationships. There is now considerable supporting peer-reviewed documentation in the medical literature.

4) So many medical studies (with new ones being announced every week) are proving that regular exercise helps people lead healthier and more productive lives, and also reduce health care costs. In fact, the evidence is now "over-whelming" in the opinion of health professionals.

Consequently, more

and more "enlightened" employers are taking this proactive approach helping employees and their families improve morale, absenteeism and lower cost of health care. Health insurance companies are offering more and more incentives. Legislation is now being proposed/introduced to offer tax incentives.

In the case of Orchard Hills Athletic Club, this fourth factor is an important reason why we are committed to playing a greater role in the North Central Massachusetts region's medical community.



Tim Richards

Tim Richards
 Owner, Orchard Hills
 Athletic club

IHRSA Clubs Performing Well

BOSTON- February 5, 2008 - A recently conducted survey of 18 leading U.S. health and sports club companies has found that commercial health club financial performance improved for the quarter ending September 30, 2007, relative to the same period last year. These 18 mid-size clubs, represent a total 194 facilities or an average of 11 clubs per company. The survey was conducted for the International Health, Racquet & Sportsclub Association (IHRSA) by Industry Insights, Inc.

The IHRSA Index found companies collectively grew their total revenue an average of 18.1% to \$16.6 million in revenue for the third quarter. The participating companies also reported improved same-store revenue for clubs that have been in operation for at least two years, by an average of 5.4% to \$7.0 million.

On a per club analysis, a club grew their total revenue an average of 5.2% to \$1.6 million. Nearly 70% of the total revenue was fueled by membership dues revenue, which totaled \$1.1 million and grew 4.0% since the third quarter of 2006. While non-dues revenue, which totaled \$0.54 million, reported a 7.8% growth over the same period last year.

"We are pleased to report that these lead-

ing health clubs consistently grew membership and non-dues revenues, while holding gross margins at 29% for the third quarter," said Joe Moore, IHRSA's President and CEO.

"This growth pattern has been observed during all three quarters in 2007 and we anticipate a positive outlook for the year end due to a historical increase in membership sales, which typically occurs late in the 4th quarter," reported Katie Rollauer, IHRSA Senior Manager of Research.

The IHRSA index found that on a per club basis the average earnings before interest, taxes, depreciation, amortization and rent (EBITDAR) improved by 5.3% to \$0.47 million. As a percentage of total revenue, EBITDAR, was 29% of revenue for the third quarter of 2007. Survey results on a per club basis for the quarter ending September 30, 2007 were:

3rd Quarter 2007,
 Mean, Percent Change from Q3-2006 to Q3-2007

Total Revenue: \$1.64 million, 5.2%

Total Membership/dues Revenue: \$1.09 million, 4.0%

Total non-dues revenue: \$0.54 million, 7.8%

Same-store total revenue: \$1.73 million, 5.3%

Same-store membership/dues revenue: \$1.14 million, 4.4%

Same-store non-

dues revenue: \$0.59 million, 6.9%

Total membership accounts: 3,073, -1.5%

Same-store total membership accounts: 3,067, 0.4

EBITDAR \$0.47 million, 5.3%

Note: Data reflects information from 18 leading U.S. health and sport club companies, representing 194 facilities. Same-store rev-

enue data reflects clubs that have been in operation for at least two years. Participating companies reported owning/managing an average of 11 facilities (same-store count average of 8 facilities).

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Clubs for the Cure/ Augie's Quest Team Approaches \$200,000 in its grassroots efforts and gears up for the IHRSA Convention

The Clubs for the Cure Team has surpassed the \$100,000 milestone and is approaching \$200,000 in committed events by February 29th! To date, over 80 clubs have committed to conduct...

“One Event, on One Day, for One Hour, to Achieve One Man's Quest.”

“We are very excited about the initial success of this effort,” states Patricia Laus, owner of the Atlantic Clubs- New Jersey, Chair of The Clubs for the Cure Team and a Member of The Augie's Bash Advisory Board. “Our focus is to build momentum by increasing awareness for The Clubs for the Cure/ Augie's Quest program with phone calls and emails to all the Club Owners in the industry.”

“We have been very fortunate,” continues Pat Laus, “with the level of support that has been donated to our Clubs for the Cure/Augie's Quest effort. Based on our long term business relationship with NetWave Communications, Point Pleasant, New Jersey, they have generously donated the design and creation of the website,

www.clubsfortheure.com.



In addition, we were able to benefit from another long term business relationship with Sirius Advertising, Avon, New Jersey who provided at their expense our entire advertising campaign for this effort. Lastly we have also received outstanding support from MDA, and Joe Moore and his team from IHRSA, as well as Norm Cates and numerous other industry publications.”

The Clubs for the Cure/ Augie's Quest program is building momentum and the Team is

receiving new commitments each day from Club Owners to conduct events.

The success of the program is evident in the number of hits the Clubs for the Cure/Augie's Quest website receives each day. During the first few weeks, the site received about 3-5 inquiries per day. Today, the hits have increased ten fold to more than 30 hits per day. The grassroots effort is working and expanding beyond the United States. This week, we have received inquiries from the international IHRSA Club community.

Chuck Epstein, President and Owner of Cherry Hill Health and Racquet, was one of the first Health Clubs to join the Team. He states, “Where would any of us be in the Health and Fitness industry without Augie and the Lifecycle? Augie Nieto is one of the greatest innovators in our industry. Supporting Clubs for the Cure and Augie's Quest is just one small way we can give back to someone who has given us so much.”

Joe Cirulli, Owner and President of Gainesville Health and Fitness Centers offers the following advice to other Club Owners. “I believe holding an event like this not only helps a great cause, but also shows our members that we are part of a community.”

The Clubs for the Cure Staff of Volunteers has contacted over 2,500 Health Clubs over the past 45 days and will continue its outflow through The IHRSA Convention. “I have thoroughly enjoyed being one of The Clubs for the Cure Volunteers from The Atlantic Club” states Nancy Ehrola. Nancy has made over 600 calls to Fitness Centers in her assigned region and has heard many touching stories about Augie from the many Club Owners. To date, she has enrolled over 45 Clubs to conduct One Event by May 31st, 2008 for Augie”.

Every call that is made from the team can lead to a new avenue for success. Recently, Jaime Byrnes, one of the Clubs for the Cure Volunteer Zone Development Managers was able to contact Mark Daly of

Anytime Fitness. Mark has committed to work with his network of 600 Health Clubs across The United States with the assistance of The Clubs for the Cure Team and Jaime Byrnes to support Augie's Quest to find a Cure for ALS. Mark's effort with his 600 franchises will follow the simple format; ***One Event, on One Day, for One Hour, to Achieve One Man's Quest.***

“The success of our grassroots Clubs for the Cure effort is our focus on the...”

“Power of One”,

states Kevin McHugh, COO of The Atlantic Club. “The focus is on ***One Club, One Highly Trained Volunteer, One Phone Call, to One Owner, for One Event, On One Day, for One Hour, to Achieve One Man's Quest.*** The Power of ***One*** multiplied by 4,000 successful calls to enroll Health and Fitness Clubs across the country to conduct ***One Event*** for Augie by May 31st, 2008 will create an industry result that will impact ALS research efforts to find a cure.

This grassroots effort for Augie's Quest that was launched in January has never been about a quick win. Rather, it is about asking one individual at a time to “Take a Stand against ALS” and having each Club Owner commit that they will make it happen for Augie. The Clubs for the Cure/Augie's Quest effort success is based on the passion that each Club Owner showcases to their staff and members to insure that each event not only raise funds for Augie's Quest but also builds awareness for ALS to those who participate in each activity.

Many Clubs are starting to conduct their events in February. The Atlantic Clubs - Manasquan and Red Bank, will conduct Indoor Cycling events on February 7th and 14th. In addition, Kathy Cunningham, one of the Atlantic Club's Group Exercise instructors wanted to do her own event for Augie after seeing him speak at last year's IDEA Conference. Kathy enrolled 3 additional Group Exercise Instructors and created three fundraising events: One Step Closer to a Cure for ALS, Knockout ALS and Core for the

Cure. All three events will take place on February 8th. Kathy is confident that her efforts will raise an additional \$4,000, not including the Indoor Cycling events. Kathy is an example of The Power of One!

A key goal in developing The Clubs for the Cure Website is to provide a library of these personal stories. We are asking each participating Club to send us photos and an overview of each event so we may include them in the Success Stories section of the website. This special page of the website will showcase how Clubs and individuals are making a difference in the battle against ALS.



Simultaneously, John McCarthy, past Executive Director for IHRSA and Patricia Laus are forwarding another effort. By working with Augie and the eleven Coordinators, (Health Club Owners from across The United States), they will be increasing the number of club owners involved in Augie's Quest. Their goal is to enroll more than 150 Club Owners in working together to achieve additional financial support for Augie's efforts by March 1st.

The Clubs for the Cure/Augie's Quest Team will have a strong presence at the upcoming IHRSA Conference. Thanks to the support of IHRSA, Clubs for the Cure/Augie's Quest Team will have signage throughout the Convention. Our team will also be present at the Trade Show with the MDA/ Augie's Quest Booth. Our staff will be available to enroll clubs to conduct One Event at their



facility as well as answer questions about becoming part of our team. In addition, this booth will feature a basketball Free-Throw Competition, event videos and other special activities.

The Health and Fitness industry has an opportunity to work together as a team to support Augie's efforts to find a cure for ALS.

We need your help! Please say yes and join Augie in achieving his Quest.

All it takes is ONE YES that you and your company will conduct One Event, on One Day, for One Hour, to achieve Augie's Quest. Is there anyone in the industry that can't dedicate One Hour for Augie? The answer, I believe is One Big NO!

Patricia Laus, Owner of The Atlantic Clubs Manasquan and Red Bank, NJ.

If you have questions regarding Clubs for the Cure or would like to enroll your Club as part of this industry – wide team, please contact Jessica Hayes at 732-219-5333.

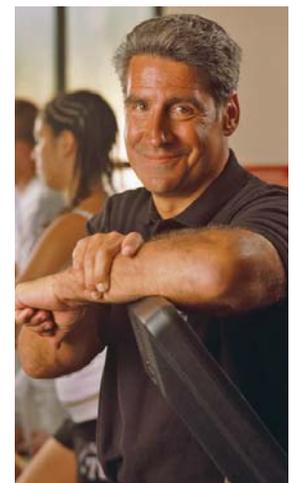


Photo of Augie Nieto

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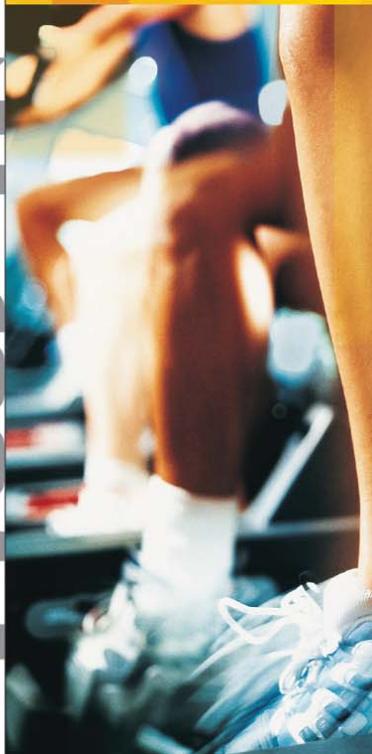
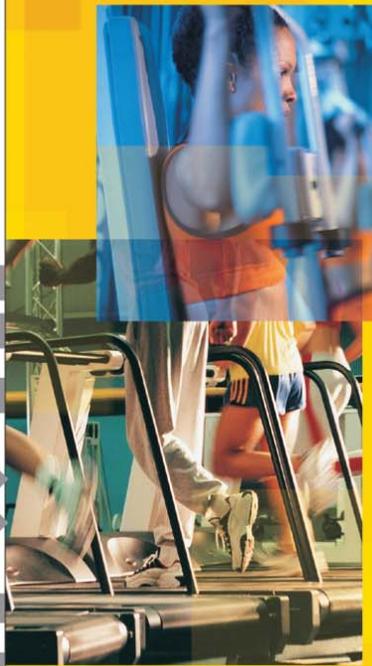
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| <input type="checkbox"/> Club Broker - Pg 42 | |
| <input type="checkbox"/> Fitness Equipment Depot - Pg 39 | www.fitnessplus.com |
| <input type="checkbox"/> IHRSA 2008 - San Diego - Pg 37 | www.ihrsa.org |
| <input type="checkbox"/> World Gym 1440 Access - Pg 2 | www.worldgym.com |
| <input type="checkbox"/> GymTicket.com - Pg 33 | www.gymticket.com |
| <input type="checkbox"/> Clubs For The Cure - Pg 44 | www.clubsforthecure.com |
| <input type="checkbox"/> Club Industry Show - Pg 41 | www.clubindustryshow.com |
| <input type="checkbox"/> Connor Sport Court - Pg 31 | www.connorsportcourt.com |
| <input type="checkbox"/> Polar Electro - Pg 35 | www.polarUSA.com |
| <input type="checkbox"/> New Paradigm Partners - Pg 24 | www.newparadigmpartners.com |

Can a Video Game Make Your Kids More Fit?

Exclusive American Council on Exercise (ACE) Research Proves Dance Dance Revolution (DDR) Solid Workout

SAN DIEGO, Calif. - Feb. 6, 2008 – Based on the growing popularity of video games that eliminate conventional hand controllers in favor of more full-body interaction, the American Council on Exercise (ACE) put Dance Dance Revolution (DDR) to the test.

The ACE commissioned research out of the University of Wisconsin, La Crosse, focused on quantifying DDR's potential physical benefits. Looking at the caloric expenditure data of 24 volunteers, researchers determined that it is comparable to many other aerobic activities and could result in significant weight loss if used regularly.

Led by John Porcari, Ph.D., FACSM and Anna Norlin, M.S., male and female subjects, ages 12 – 25 years old were recruited for the study. Half the volunteers were under the age of 18 and enlisted from the local La Crosse Boys & Girls Club.

NEED SOMEONE TO PLAN A PEOPLE - TO-PEOPLE EVENT?

Whether it's a simple seminar program, a complex conference or something in between, **HOWARD RAVIS** can help you produce it successfully!

As the creator and former program manager (for 21 years) of the acclaimed **Club Industry Show programs**, Howard has a proven track record.
 Contact **Howard Ravis:**
914-941-2589
 or hsravis@aol.com

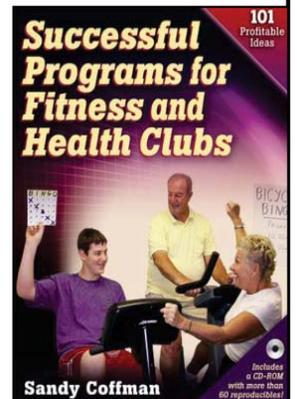


Sandy Coffman's Programming Tip of the Month – PROGRAMMING FOR HOLIDAYS

The calendar can dictate when you should run a party or a mixer, a round-robin event or a tournament in your court sports. Every holiday can be a celebration at your club, and members will want to be part of every one of them. Don't miss the opportunities! Okay, so New Years is over, and you may not have done all you could do for the Super Bowl. But, we do have President's Day, St. Patrick's Day, Memorial Day and the 4th of July coming up, to name a few.

Example: The promotion for a **Round - Robin St. Patrick's Day Court Sport's Event** is almost as much fun as the execution. This should be a fun, mixed-doubles annual event that mixes the players, offers friendly competition and provides memorable social time as well. As many round robins, the St. Patrick's Day Round Robin allows participants to mix with one another; that is, change partners and opponents after each round is played. This allows players to meet new acquaintances, perhaps make new friends and rotate partners and opponents, so they do not get stuck playing with or against the same players during the entire event. Remember to *require* all lads and lass's to dress in green and give the "lucky" winner a prize. Provide snacks, serve green beer (or the like) and don't forget to take pictures.

"SUCCESSFUL PROGRAMS FOR FITNESS AND HEALTH CLUBS: 101 PROFITABLE IDEAS" by Sandy Coffman. To order Sandy's great new programming book: www.humankinetics.com, Contact Sandy: SLCoffman@aol.com or www.sandycoffman.com



Sincere Thanks, Gratitude and Appreciation to:

All who have advertised, purchased subscriptions, read and pitched in as Contributing Authors. We are now in our 15th year of publication! **ALL** of you are on the "Team" that **makes CLUB INSIDER**. We will be grateful to you forever. I appreciate and LOVE 'ya!

Very sincerely,
Norm Cates, Jr.

GUARANTEED RESULTS 



GROUP CENTERGY

"BTS is the single best investment I have ever made, not only in Group Fitness, but for my club as a whole. It services our members, sells memberships, markets our club and motivates our members and staff, including me! BTS has enabled me to increase my membership price from \$30 to \$49 per month, and we no longer compete on price."

-Jason West, North Columbus Athletic Club

BTS puts it all together into a carefully designed System of management, training, programming and marketing that delivers results to clubs. With a **90 day money back guarantee**, you have nothing to lose and everything to gain!

To learn more call **1-800-729-7837 x 230**
or visit **www.bodytrainingsystems.com**





Harness *the* Power of Your Members *and* Help AUGIE'S QUEST *Cure* ALS!

Clubs for the Cure, founded by Patricia Laus and The Atlantic Club, located in Manasquan and Red Bank, New Jersey, has raised over \$800,000 in the fight against breast cancer. Now, Clubs for the Cure is challenging every club in America to have one fundraising event between January 1 - March 7 to help support AUGIE'S QUEST to cure ALS. The Atlantic Club can assist your club in developing effective fundraising events that have been successful at our clubs.

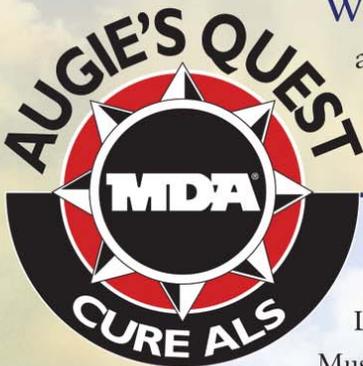
*HELP a GREAT CAUSE and MAKE YOUR MEMBERS
FEEL GREAT about being PART of IT!*

Our goal is to rally every health club in America to join together to raise \$3 million for Augie's Quest by March 7, 2008 and we need your help!

Fundraising programs and materials are all provided for your use at
www.clubsfortheCure.com

as well as helpful phone contacts to assist your club in becoming part of this effort.

Together we can make a world of difference!



In March of 2005, Augie Nieto, founder of Life Fitness, was diagnosed with ALS. Later that year, Augie and his wife Lynne created the Augie's Quest initiative in conjunction with the Muscular Dystrophy Association (MDA). Augie's Quest is an aggressive, cure-driven effort singularly focused on treatments for ALS. *Clubs for the Cure* wants to assist Augie's Quest in reaching its \$20 million goal. You can get us there!



Augie Nieto
Chief Inspirational Officer
Augie's Quest.

To learn more about how your club can get involved, visit
www.clubsfortheCure.com

One Club. One Event. One Man's Quest.