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Norm Cates:

# THE Club Insider

## NEWS

MARCH 2007



(L to R) Body Training Systems' – Cathy Spencer - Browning, Rich Boggs & Terry Browning

**Quality - The “Inside” Story on BTS**

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# THE Club Insider NEWS

## Quality - The "Inside" Story on BTS

Comments from Rich Boggs, Terry Browning and Cathy Spencer-Browning

**By Norm Cates, Jr.**

The opportunity for clubs to focus on increasing daily club traffic, annual gross revenue per square foot and retention, could not come at a better time.

It's Spring, you know. And, the group exercise movement is accelerating at a time when the last two

reported years have shown American health/fitness club membership numbers stuck at 41 million. *This acceleration is a great thing for our industry.* We need more and more clubs with professionally produced and delivered group exercise programs. As the group ex class acceleration continues, so will the industry begin to re-accelerate

out of the stalled status as of the past two reported years. The BTS people are not rookies at group exercise programming, by any measure. The first ever really big surge in worldwide group exercise participation came in 1989 when the STEP Company, parent company of BTS, was launched. BTS and STEP Company partner, Ray Irwin,



invented The STEP after watching one of his young sons play with Legos at home. The STEP ultimately

has been sold to over 20,000 clubs world wide and that number has continued to increase. (See *BTS Quality* page 12)

## A Financial Doomsday Scenario for the U.S.?

**By Norm Cates, Jr.**

Federal forecasters predicted in a March report published in the *Health Day News* that U.S. health-care spending will double by 2016, to \$4.1 trillion per year! That's *one-fifth* of the nation's gross domestic product (GDP).

Health spending in 2006 was projected at \$2.1 trillion, or 16 percent of the GDP.

This is a scary report of a projected doubling of healthcare cost in the next ten years.

This prediction clearly shows the important potential role that the 29,000

commercial health, racquet and sports clubs in America should begin to play in American history.

To date, our industry has not yet played a truly important role in American history. **Now is our time.** This is our chance to make a *true difference for Americans* everywhere.

John Poisal, Deputy Director of the National Health Statistics Group at the Centers for Medicare and Medicaid Services (CMS), said optimistically in the *Health Day News* report, "There is a relatively modest and stable projection for 2006 to 2016, with

an average growth rate of 6.9 percent." He noted that projected growth rates fell slightly in 2006 and 2007 and "that would result in five consecutive years of slowing growth."

The *Health Day News* report continued, "But, projected decelerations (See *Financial Doomsday* page 8)

## 2006 In Review – Part IV

**By Norm Cates, Jr.**

*Colin Milner Creating the Active Aging Industry - November, 2006* cover story – Colin Milner is an author, entrepreneur, public speaker and industry leader who, five years ago, decided to dive deeply into the Active Aging realm. He established

the International Council On Active Aging (ICAA) in 2002 and since then, has made great progress with the development of the organization.

Colin Milner may also be described as a *true visionary*.

The CLUB INSIDER News featured Colin Milner's ICAA work because it is so

important to the entire health, racquet and sportsclub industry and to every human being, 50+ or not.

The ICAA is an organization dedicated to teaching active aging to consumers and to the club industry so more and more 50+ consumers do become involved in health, racquet and sports-

clubs. ICAA deserves your club's full attention, participation and support, because along with the virtually untapped obese/overweight market, the 50+ market is the one with the greatest potential opportunities for health/fitness clubs.

You may have also (See *In Review* page 22)



### • Inside The Insider •

- Insider Speaks: Basic Club Blocking and Tackling to "Stay in the Game"**
- Diversify or Die**
- \$100,000 Added to the Bottom Line!**
- Personal Training Studio Owner Shares Positive Experiences With SOFA**

### A Black FRIDAY Hits Bally Total Fitness!

**By Norm Cates, Jr.**

*A Black FRIDAY has hit Bally Total Fitness stock!*

Today, March 16, 2007, Bally Total Fitness common stock plunged to an all-time low of **52 cents and closed at .75!** This 62% drop in Bally stock came on the heels of a Bally conference call where the news was not good at all. Bally executive indicated that Bally Total Fitness may have to file

for bankruptcy. Another part of the bad news in the last couple of days was that Bally would not file its financials on time, once again.

However, post-conference activity saw the bond ratings for Bally dropping.

There are many opinions now about Bally's future and most of them are the company will be forced into Bankruptcy by this Fall. However, some believe this conference call was an effort to position the bond holders

of notes due this Fall to negotiate more favorable terms.

One industry expert who did not want to be identified indicated that "There is a good chance Bally will end up better for the members in the long run." Bally has a big deal in the works. Should the deal work out, Bally's situation would be improved significantly.

**STAY TUNED!**

# Norm's NOTES

## Thank You

To The *Club Insider* News  
 2007 Contributing Author  
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• **Colin Milner** - V.P. Sales/Marketing - Founder & CEO International Council on Active Aging - (866) 335-9777

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• **Jim Thomas** - President-Fitness Management USA 1-800-929-2898

• **Amy Hyams, Ph.D.** - World Instructor Training Systems (W.I.T.S.) - (888) 330-9487

• **Hello everybody!**  
 This is your **CLUB INSIDER News Publisher Since 1993** checking in. Got news... news...and more news! First, let me say ... I don't know why I feel so doggone good today. *It must be my regular exercise.* So, stand by for news!

• I am greatly looking forward to seeing you in "The City by the Bay", San Francisco, California for **IHRSA's 26th Annual Convention and Trade Show, March 28-31st.** I will be at the trade show booth #109, so please come on by! **HOLLY SNOW of The MAC, LYLE SCHULER's Renaissance Club in Kingston, N.Y. will be assisting me.** Also, please check out our **Advertiser IHRSA Exhibitor list** on this page, visit these great folks and do business with them! Believe it or not, this 26<sup>th</sup> annual event has shaped up to be *bigger* than **IHRSA25** last March in Las Vegas!

• Wanna go to **Disney World !? Club Industry East, June 7-9, 2007**, offers a great opportunity for you to take your families to Orlando, Florida and mix a lot of **FUN**

at **Disney World, Sea World and Universal Studios** and other attractions with the terrific **Club Industry East Conference and Trade Show**. This will be the first year Club Industry East has been held in Orlando. You can probably also write off at least a portion of your cost to your business. Please see the Club Industry East ad on **page 26**.

• **BLACK FRIDAY at Bally Total Fitness!** Stock hits all-time low: **52 cents** - down from **\$30** ten years ago! (See report on page #3)

**\$4.1 trillion!** That is the projected healthcare cost for America by 2016! That's right. In just 10 years America's cost for the failure to defeat the obesity pandemic is projected to double. This recent news greatly validates the comments in our January cover story by **GOVERNOR MIKE HUCKABEE**, who served Arkansas for 10.5 years, and is now a **Presidential candidate**. This is the world we live in. I have written to you on page 6 about basic club operations and how this health crisis should and can relate to your club business. And, that's what it

## The CLUB INSIDER Advertiser's 2007 IHRSA San Francisco Exhibit #'s

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Iron Grip - #1917

JLR Associates - #2717

Sales Makers - #2413

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Take It Off Weight Loss - # 6209

Thin&Healthy® Total Solutions, Inc. - #5814

Thomas Plummer Company - #5601

Venture Fitness - #925

Vitabot - #5921

Visual Fitness Planner - #108

is, just like Governor Huckabee said in his interview. It is a **health crisis, not a health-care crisis**.

• **CheckFree Health and Fitness** will introduce **CheckFree Compete™** at **IHRSA San Francisco**. **CheckFree Compete** is a user-friendly club management software that enables efficient operations and ensures security of member data. See **CheckFree Compete** at **IHRSA Exhibit #1629** and be sure to attend the **3rd Annual CheckFree Technology Summit** on Wednesday, March 28<sup>th</sup> from 3 to 5:00 p.m. at the San Francisco Moscone Center North – Hall E. The event is open to all IHRSA Convention attendees. Club owners, club managers and club Info Technology decision – makers are encouraged to attend. No pre-registration is required.

• **RICK CARO's 11th Annual Financial Panel**, is a *do not miss* highlight of the **IHRSA Convention** for senior industry executives. It will take place on Thursday, March 29 from 1PM to 2:30 PM.

• Congratulations to **MR. BILL HUBNER** as he will be honored next Fall with **WALLY BOYKO's National Fitness Trade Journal Lifetime Achievement Award**. Hubner is the Founder and owner of 52+year running **Paramount Fitness** and a chain of **USA Super Fitness Clubs** in the Midwest. Bill Hubner is also a multi-multi millionaire who travels in a **Sabreliner** corporate jet and entertains friends and clients on his magnificent **Mirage** 132- foot motor yacht. But, you would not know he is filthy rich by talking to him and he's a man who made it all the hard way. Bill will join an all-star lineup of industry legends and icons when he receives his honor on September 5<sup>th</sup> at the Rio Hotel Conference Center in Las Vegas. Check out this list of past winners that Bill Hubner will be joining, legends all: **ARTHUR JONES, JACK LALANNE, RUDY SMITH, RAY WILSON, RON HEMEL-GARN, JERRY KAHN, ROB**



**Norm Cates, Jr.**

**ERT RICE, JOE GOLD, BILL PEARL, KEN MELBY, JOHN McCARTHY, AUGIE NIETO and LARRY SCOTT.**

• **Health Fitness Corporation** has assembled a **Science Advisory Board** with leading health industry experts, designed to keep HFC's products and services on the forefront of current and emerging trends. HFC's Science Advisory Board members are: **K. James Ehlen, M.D. - Chair of Hal Island Health Consulting**, **Penny M. Kris-Etherton, Ph.D., R.D.** - a distinguished professor of nutrition in the **Department of Nutritional Sciences at Pennsylvania State University**, **William L. Haskell, Ph. D.** - professor of medicine (active emeritus) in the **Center for Prevention Research** and the **Division of Cardiovascular Medicine, School of Medicine** at Stanford University, **Bess H. Marcus, Ph.D.** - professor of psychiatry and human behavior at **Brown University Medical School** and a director of the **Brown University Center for Behavioral and Preventive Medicine** at Miriam Hospital, **Bruce Sherman, M.D., F.C.C.P.** - Medical Director, global services, for **Goodyear Tire & Rubber Company** and the health and productivity initiatives at the **Employers Health Coalition of Ohio** and **Peter A. Egan, Ph.D.** - HFC's chief science officer and directs the scientific knowledgebase, interfaces and use of health assessments, and return on investment analyses for cli- (See Norm's Notes page 8)

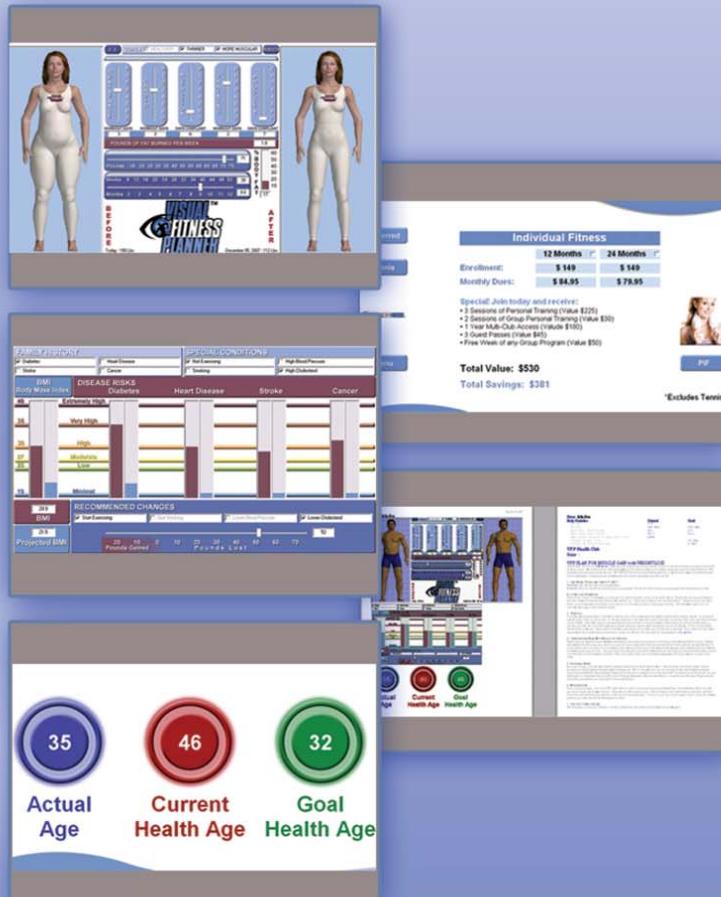


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# Basic Club Blocking and Tackling to “Stay in the Game”

By Norm Cates, Jr.

**With \$4.1 trillion per year in healthcare cost looming**, in just ten years, our industry must make some really good moves. Now, we are in a world where many big club chain companies are not necessarily making good growth moves. They and many new niche wannabees are putting up new health clubs on every corner in America while the obesity pandemic is running wild. But, the problem is that these companies are not putting up new clubs as fast as they can so they can sign up fat Americans. Instead, they are putting up new clubs so they can take some of the now 41 million American club members away from clubs who've been established in the marketplaces, right in the middle of markets of veteran club operators who've been there for

years.

Most certainly, many decisions by big chains and yes, niche wannabees, to enter certain markets have been caused by the club owners who've let the leading edge they once had in their marketplace just slip away.

How do “edges in marketplaces” just slip away? Try these reasons: How about clubs with pushy, hostile and rude sales and service staff? How about club owners who've lost interest and touch with their successful clubs because at one time it was just so easy? Or, how about one of the worst symptoms of the disengaged club owner: *deferred maintenance and upkeep?* How about club cleanliness? How about clubs that are getting whipped by new competition because their locker rooms are so nasty that you would need a blowtorch to get the crud from the tile floors. (Es-

pecially in the front and back corners of the showers and the toilets.) What about clubs badly needing fresh paint and clubs with worn and frayed carpet and broken or stained ceiling tiles or mirrors?

I ask you now ... is your **CLUB CLEANLINESS** a top priority for you as the club owner?

I want to ask you all now: “When was the LAST time you very carefully walked your club with a clipboard in your hand and very carefully and with an intensely critical eye, **INSPECTED** what you are trying to sell?”

*These few concerns are good cause for an awful lot of lost business over the years.* This industry would do well to do what **MARK** and **DEBBIE EISENZIMMER** do every summer with their **Cascade Athletic Clubs** in Oregon. There, they shut down for one week a year to *clean, repair, fix and refurbish their clubs.* **THEY** are staying in the more competitive game in their marketplace by keeping their clubs fresh.

And, all club owners please remember this: “You don't just lose one member when one of your good, long-

time members leaves to join the fresh new competition just down the street in your marketplace. You lose whatever referral stream of new members that your loyal member may have been bringing to your club during the years before he jumped down the street. And, you lose the referrals that lost member and his referred members would have brought to your club over time. My educated guess is any loyal member lost could mean the annual loss of 8 or more new members to your club. There is clearly a domino effect.

And, another thing. How many of you have a reputation in the community of being “only for yourself”, instead of being like many great clubs who've literally built their businesses by being community service focused and oriented?

Please go back now and reread the list of issues you've just read. Issues that are or will cause you: (A) to lose formerly loyal members to new and fancy competition and (B) then wonder what happened. You will note that every item on the list above is fixable. Fixable with a little

elbow grease and relatively little extra cash investment, when compared to the stakes for your club you are playing with.

*On top of all of this, we have our industry's ongoing failure to truly attract the two-thirds of the U.S. population that need our help the most...the significantly overweight or obese American. And, by now you should know these fat folks don't feel comfortable coming to the traditional health/fitness club because of their belief that health/fitness clubs are for “fit people” only and because of their fear that they will be embarrassed just by walking in the door.* Again, I cite Governor Mike Huckabee in his January interview when he said, “Norm, when I was extremely overweight and not in shape, the last place on earth, other than the women's restroom, that I would want to be found would be a health club. The LAST place! If I wanted to be humiliated I can think of dozen ways to do it that wouldn't be expensive and I didn't have to pay for.”

Now, I also want to ask you, have you been paying attention and studying my past cover story reports about: **VISUAL FITNESS PLANNER** and how it can attract new members and helps you in PT sales, *retention* and other areas. Or, **TASSO KIRAKES'** great story last August of true personal service in his club, **Bodez By Tasso**, and his absolutely amazing involvement and track record of community service in Ormond Beach, Florida? Have you read the cover stories of and contacted **DONNA'S KRECH's Thin&Healthy Total Solutions®** or **CASEY CONRAD's Take It Off Program** or **Norma Jones and Alliance Fitness' EasyZone Weight Loss Program** so you can really learn how to attract some of the 200 million obese and overweight Americans?

Do you have professional nutritional guidance and help for your members (See *Insider Speaks* page 7)

**Norm Cates'**  
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**Norm Cates'**  
**Club Insider**  
**NEWS**

**14 Years and Counting!**  
**Established 1993**

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## ...Insider Speaks

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such as provided by **JOE and HEATHER GRAVES' Vittabot Company?** How about providing your members with education on lifestyle and wellness and how to live better, such as the monthly **On-line Magazine** provided by **SHAWN VINT's Greenmaple Wellness?**

And, what about using true experts and professionals in increasing your club revenue per square foot? Did you know that **RICH BOGGS, TERRY BROWNING and CATHY SPENCER-BROWNING** really can help your club with **Body Training Systems programs?** BTS will help your club(s) increase your revenue per square foot by dramatically increasing your daily traffic to your club for group exercise, thus bringing more people to purchase your memberships, personal trainer sales, pro shop and beverage/snack bar/nutrition products sales. This months cover story on BTS was published for a reason. That reason is that you really need to know the true "inside" story

on BTS.

Are you paying close attention to maintenance keeping it from becoming "deferred maintenance and upkeep needs"? Are you carefully screening and hiring your staff and training them carefully and well to perform their duties professionally? Do you have a professionally trained sales staff? Preferably, a sales staff trained by **Sales Makers?** Clearly the very best sales training and management company in the business, Sales Makers can truly help you turn your club around. If you don't reach Sales Makers, how about contacting our Contributing Author and advertiser, **JIM THOMAS**, Texas-based, **Fitness Management and Consulting?**

Also, please read my brief interview on page #26 with **JERAMY PRICE**, owner of **Better Bodies Tucson?** Are you reaching out in your community to find ways to serve it and its citizens, whether they do business with you, or not? By contacting **JIM CHILTON's SOFA (Society for Financial Awareness)** you can easily

begin to achieve that.

And, how about professionally and efficiently collecting what is owed to your club? Do process your EFT and other collections "in-house" using your own bookkeeper and systems? Or, have you reached out to **CheckFree, Affiliated Acceptance Corporation and ABC Financial** for very important help in this realm. If you have not, you really should.

Folks, it has taken me about an hour to write to you about all of this. But, many solutions for "staying in the game" for your club for many more years are right here in this article and our advertisers do provide virtually every solution you might need. And, you can trust my advertisers to take care of you and treat you right.

**"STAYING IN the GAME"** requires the basic club blocking and tackling of club operations: club cleanliness, well chosen, friendly, caring and well trained staff; well kept club environments and equipment that is not broken down or malfunctioning for long at all, but is fixed just

a few days after you've put your "Sorry, out of order sign" up because you immediately contacted **JON WEBSTER's National Gym Supply** and had the broken part express delivered to you.

Last, and this is really important as well. Do you **"MAKE IT FUN!"** in your club and in that regard, have you asked yourself the question I answered about myself long ago, **"Am I the boss from hell?"** That was the title of an article I wrote about my own people management skills during my 20 year club owner career and published in my early years of publication of **The CLUB INSIDER News.**

If you are **"a boss from hell"**, like I sometimes was, you're probably having a hell of a time **"Making IT Fun!"** for your members because your staff is not going to give a hoot about your members, because they don't give a hoot about you! So, do like I did, after it was too late, why not take a good close look in the mirror and check out who you are and how you come across to your staff and your members! You might be

surprised at who you actually decide you really are and you might just save your club by truthfully answering this one question!

But, GUESS who wins, then? Your staff, your members, your community, your family and **YOU!** You stay in the game for the long haul and on top of it all, you are much happier!

**- Norm Cates, Jr. The CLUB INSIDER News – Publisher Since 1993**

**MAKE  
 IT  
 FUN!**



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### ...Norm's Notes

continued from page 4

ents. He is a co-founder of **Health-Calc.Net Inc.**, which HFC acquired in late 2005. **HFC President and CEO, GREG LEHMAN** commented, "We are excited to draw on the expertise of our board members to ensure HFC's innovative programs and services remain of the highest possible quality.

• Researchers at the **University of Michigan C.S. Mott Children's Hospital** have concluded that increasing rates of childhood obesity in the U.S. may be contributing to early onset of puberty in girls. "Our finding that increased body fatness is associated with the earlier onset of puberty provides additional evidence that growing rates of obesity among

### ...Financial Doomsday

continued from page 3

*didn't impress outside experts at all."*

Karen Davis, President of the Commonwealth Fund, said in the Health Day News report, "We haven't solved the health-care cost problem. There was a lot of feeling when the 2006 numbers came out and we were growing at about 7 percent a year, that maybe it wasn't a continuing problem. But, I think even growing at 7 percent a year you see that by 2016 we are going to be spending 20 percent of the nation's economy on healthcare. I think it says we've got to get serious about doing something that really improves the efficiency of the healthcare system and not just shifting money."

This author and many others, argue that "upstream prevention" is the only true solution to slowing "downstream illnesses" in America and around the world.

Preventing American sickness through better lifestyles will stop increasing needs and over the years, reduce the need for healthcare.

Truly, we have the challenge of persuading a hundred million or more Americans that changing their lifestyles somewhat is the very best thing for them and their families. We must first, get their attention. Then we must persuade them that a lifestyle change will heal many of them and keep those that are now well, healthy, from now on. We must persuade them that avoiding many illnesses is truly up to them, but we are qualified to and want to help them.

To achieve this huge objective we must persuade them to realize and truly believe in the fact that an improved lifestyle will result in a truly greatly improved life. I know so very well. I have been there and done just that. So has Governor Mike Huckabee, candidate for President of these United States.

This author also agrees with the former 10.5 year Arkansas Gover-

children in this country may be contributing to the trend of early maturation in girls," said study lead author, **DR. JOYCE LEE**, a pediatric endocrinologist at the University of Michigan. The U.M. study was published in the March issue of the **Pediatrics** journal. The health and social ramifications of this study are complex and potentially huge. **STAY TUNED!**

• **IHRSA's MEREDITH POPPLER** announced on March 5<sup>th</sup> that **Snap Fitness**, one of the fastest-growing fitness chains in the fitness industry, has become a member of the world's leading Association. Poppler commented, "We are delighted to welcome Snap Fitness to the IHRSA family. We're especially pleased that every Snap Fitness franchisee has

(See Norm's Notes page 10)

nor, Mike Huckabee, that America has a *health crisis, not a healthcare crisis*. Governor Mike Huckabee has led the way with this, in my view, the single most important message in the 2008 Presidential contest.

And, many candidates, including Democrat Presidential candidates Hillary Clinton and Barack Obama, are beginning to sound the "upstream prevention" alarm bell. And, I believe as the campaign continues, many Republican and Democrat candidates will also join in with this most important message to Americans.

This upcoming time period of the next ten years has the greatest potential in the history of our industry to produce the biggest surge in new health club memberships ever. That will only happen if ALL of us collectively get our acts together and issue one single message to the world.

That message? "We, as an industry, are now well prepared, are much more professional and can truly be trusted by American consumers to help treat them with understanding and great care. We must convince them that our industry is very different than in the past. We must convince them that we will help them make their needed lifestyle changes and those changes will result in a new and healthier life. We must convince them that our clubs are NOT just for fit people. We must convince them that our clubs are for all people of all colors, shapes, sizes, conditions and descriptions. We must convince them that they can find a new life in our clubs.

We must convince all Americans that we are no longer the health club industry of the past they or their family or their friends may have had bad experiences with.

**We must earn their trust.**

**- Norm Cates, Jr. – The CLUB INSIDER News – Publisher Since 1993**



# Member retention is the key

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**...Norm's Notes**

continued from page 8

become an IHRSA member, allowing us to provide IHRSA benefits and expertise across the entire organization." Snap Fitness with over 300 locations in 40+ states, is on track to open another 250 locations by the end 2007. Snap Fitness provides a no contract membership, 24-hour access and reciprocation among all its locations. And, Snap Fitness addresses the biggest hurdles to obtaining fitness goals – time, convenience and affordability. IHRSA will assist franchisees, many operating fitness clubs for the first time, with a variety of tools, publications and information to maximize success."

*I trust that pre-entry market demographic study in already club crowded markets, will become, if it is not already, a subject of intense and careful study, as this booming Snap Fitness franchise grows.*

• Congratulations to **PATRICIA LAUS**, Founder and owner of **The Atlantic Club** in Manasquan, New Jersey and **The Red Bank Club**, in Red Bank, as she has been awarded **Enterprising Women Magazine's** prestigious **2007 Enterprising Women of the Year award!**

• **RICHARD EKSTROM's Retention Management®**, the long-time industry leader in attrition defense services in the United States serving clients with more than 2 million club members, announced

in Charlotte, N.C. on March 8<sup>th</sup> that it has entered into a strategic alliance with **Johnson Health Tech, (Matrix Fitness Equipment)** one of the leading providers of fitness equipment in the European market. In the alliance, Johnson Health Tech will be responsible for the sales and marketing of Retention Management's service while Retention Management will provide the ongoing service delivery. The UK market will be the focus in the first year with additional European markets to follow thereafter. "We are very excited about entering the UK and to be partnering with a company of such caliber as Johnson Health Tech," Ekstrom, President of Retention Management, said. "They provide clubs with great equipment, but they are also extremely committed to playing an active role in assisting their customers in reducing attrition and thereby improving profitability. This is unique for an equipment manufacturer to undertake and we are proud to partner with them in this venture." **STAY TUNED!**

• **IHRSA's Capitol Reports** for the past month have been packed with reports on **Public Policy** activity. I urge you, if your club is not an IHRSA member club, to join IHRSA so you do receive this report each month. That's just one great reason to join IHRSA and there are about a hundred others. During any given month, Helen Durkin's hard working IHRSA Public Policy Team may have posted something that is hap-

pening right in your back yard with new legislation that could dramatically change your club business. If you are tuned in and paying close attention, you may be able to act fast and rally with fellow club owners in your state against bad legislation, thus stop it or changing it, to make it fair to your business. Take for example, in several states there is pending legislation that will prohibit automatic renewal of membership contracts collected via EFT. Now, that's a true biggie and this is popping up across America. In New Jersey, the effort to repeal the sales tax reported on by CLUB INSIDER Contributing Author **BONNIE PATRICK MATTALIAN** in our January edition, has stalled. Good news is that support is rising on Capitol Hill for prevention as Senators **TOM HARKIN** (D-IA) and **HILLARY CLINTON** (D-NY) introducing the **Play Everyday Act**, (S-651). This is a measure that encourages all American children to get out and play at least one hour a day. The Act would develop what would be called a **Community Play Index** and fund three \$250,000 "model communities of play implementation" grants. But, I ask you all, isn't it really sad folks, that we now live in an America where such legislation even has to be thought about? Please support **IHRSA's Industry Leadership Council Fund** because your support will impact future industry public policy that will benefit your club business. There is an extremely com-

pling case to do so and I will have a report on that next month.

 • **Cecil Spearman**,

**Chief Executive Officer of Spearman Clubs, Inc.**, former **IHRSA President** and **Board Member**, industry leader and **CLUB INSIDER News** cover subject, announced a reorganization of the company executive staff effective February 15, 2007. **STEVE SPEARMAN**, former GM of **Laguna Niguel Racquet Club**, has been promoted to the position of **Chief Operating Officer** of Spearman Clubs, Inc. **SCOTT SPEARMAN**, formerly GM of the **Racquet Club of Irvine**, has been promoted to the position of **Vice President of Marketing** for Spearman Clubs, Inc. And, **ERIC QUADE, Director of Tennis** for the **Racquet Club of Irvine**, has been promoted to **GM** of the club. Congrats guys!

 • **ROGER RALPH**

and **BOB CARPENTER**, two Maryland/Delaware industry leaders and long-time club vets, are building a new club called the **Hockessin Athletic Club**. It will be located at **Tweed's Park** in Hockessin, Delaware. This new club is truly going to be one for the books. Following a lot of Roger Ralph's mega **Bel Air Athletic Club** model, (sold 10 years or so ago to **Wellbridge**), Roger and Bob are leaving no planning stone unturned, as the club is scheduled to open this June. Ralph and Carpenter recently confirmed an affiliation with

**PRO Physical Therapy**, a therapist-owned and operated company established in 1995. This affiliation will result in a unique PRO Physical Therapy location *within the new club*. Pre-opening staff announcements are also happening now. **KIM BOGIA** became a **Pike Creek Fitness Club**, group fitness instructor in 1996. She has grown her responsibilities to become **Membership Director** for PCFC and its new facility in Hockessin. Additionally, **JAY MARX**, former **Director of Operations** and **Property Management** for **Louis Capano & Sons**, has assisted in efforts to develop two on-site Cafes at their new facility. Congrats Roger and Bob on all your planning and hard work on this new club creation. Based on what I know about this work, it is surely headed for great success. This just in... **AMY REICE**, former **Director of Fitness and Aquatics** at **Farmington Country Club (FCC)**, Charlottesville, VA, has relocated with her two young sons **COYLE** and **NOAH**, to accept the position of **Aquatics Director**. Best wishes to all of the Hockessin A.C. Team. And, **STAY TUNED!**

• **TIM and LIZ RHODE'S Maryland Athletic Club & Wellness Center** has launched a 6-week program to get teenagers, ages 13 to 18, up and active. The **"Extreme Teen"** program incorporates six different exercise disciplines over a six-week period including **Group Power**, by **BTS**, Basic Step Aerobics, Hard Core, Treading, Yoga, and Deep Water Exercise. Tim and Liz recently celebrated their **MAC 10<sup>th</sup> Anniversary** last year in Baltimore, where this terrific award winning club and former CLUB INSIDER cover husband and wife team, has led the market since they arrived. Again, careful and meticulous advanced planning, just as it will pay off big-time at the **Hockessin Athletic Club** for **ROGER RALPH** and **BOB CARPENTER**, has paid off hugely for the Rhodes.

• **900 pound club industry gorilla**, **Life Time Fitness**, reported its 4<sup>th</sup> quarter and full year results and they are continuing to grow and improve. Fourth quarter

(See Norm's Notes page 18)



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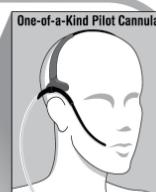
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## ...BTS Quality

continued from page 3

crease over 18+ years. For years, The STEP was the single American group exercise mainstay and re-energized many clubs, including my clubs here in Atlanta. Boggs and Irwin learned a lot from the most successful STEP classes. The most important thing they learned, beginning with The STEP in 1989, and have applied now to all seven of their BTS programs is: *group fitness worked only as well as the programming behind it: the moves, the music, the instruction, the fun and the diversity.* They learned that if you control all that you have a group fitness phenomenon that *truly delivers*. For the participant, it's *fitness results* that are *actually fun*. For the club, it's increased member and guest participation, more new members and member retention hitting record highs. Professionally produced and delivered group exercise programs offer clubs something very solid that will provide improved and better results for members. Improved member results will produce increased member and guest traffic resulting in more new membership sales and greater retention. Increased daily traffic will also cause increases in gross sales revenue per square foot in the entire club as those ever increasing numbers of group ex class participants and their guests come and go.

BTS clubs are experiencing much higher daily traffic, increased new membership sales and higher retention rates, with some BTS clubs reaching 80% member retention.

This report will clarify why Body Training Systems (BTS) is an excellent choice for club owners who seek quality and professionalism in everything they do in their clubs. I know hundreds of club owners who seek only the best for their members. Each of these pros truly operate their clubs as if their names were squarely on the sign out front. They take pride in carefully studying every move. Perhaps, most importantly, they do not make moves because the move is easier. They look at the po-

tential end result first and then study any selected opportunity to carefully see if it will get their club further down the important road of market area leadership.

To help many club owners who may not have stepped out of the realm where a club group exercise director is managing group exercise without help into this realm of programmed group ex, I think it is a good idea to clearly define the differentiating aspects of Body Training Systems. I think it is important for those group exercise directors reading this to know that this is a potential big step up for you. Even if you are a club owner who has made a choice before, you might want to read all of this report just to see what you are missing.

Let me frankly add here that in the end, in the final analysis, *it matters not what I think*. What really matters is what you think after you've read all of this, perhaps gone to the new BTS website and then have contacted the BTS folks.

This report clearly differentiates and discloses the very hard "inside" work the BTS company does that really makes the company different, makes it better and provides true **QUALITY** programs for your members.

This interview explains Body Training Systems in depth. Beginning with how very hard the 72 Body Training Systems employees and trainers work, you will also learn how BTS programs are developed, perfected and tested, before release. You will also learn how BTS teaches your staff to present these programs to your members and how they teach and support your staff in managing, marketing and delivering the 7 excellent BTS group exercise programs so that your club does have a true outreach impact on your entire market area.

**Quality.** I have frequently referred to the *quality* of BTS group exercise programs in my writing. I've truly done so because I know the "inside" story on Body Training Systems very well. I know many of the people in our industry that are proudly on their "raving fan" BTS club client list.

I've strongly supported BTS to this great industry in an honest and sincere effort to help all club owners make the best quality choice available in this realm, thus making clubs more profitable.

**Directly From BTS Leaders**  
**Rich Boggs, CEO, Terry Browning, President and**  
**Cathy Spencer-Browning, National Training and Program Director**

Now, you will learn the "inside" story. Please do read on.

**Norm Cates (NC)**  
- Rich, it's been almost two years since you've discontinued distributing Les Mills programs and introduced your own. Looking back, how do you feel about this now?

**Rich Boggs (RB)** -

It has been the best thing we have ever done as a company, even compared to when we introduced The STEP to the industry back in 1989. And I'm sure it is the best thing for the industry now, as well. We had very different ideas on how to approach our market. We truly feel now that what we offer the industry is of the highest quality. We have been able to introduce programs and systems that we feel really give club owners and managers an advantage – a way to make them highly competitive – and successful. I've never been more proud of our team, as they have demonstrated tremendous professionalism, dedication and commitment to excellence. I'm sure it is a similar story to the Apples and Nikes of the world, where a small committed team, worked unheard of hours, took huge risks, sacrificed much, to break the mold, be different and offer something that could really impact others.

**NC** - Since 1997, you had licensed nearly 2,800 programs to 1,200 clubs for Les Mills and then as of May 1, 2005, when you introduced your new programs and system, you had ZERO licensed clubs. Where are you now? How many clubs have licensed BTS programs?

**RB** - We have already licensed 1,200 programs to over 450 clubs in less than two years. We expect to reach 500 clubs either this month or next month. This is exciting

for the BTS team because on May 1, 2005, we had to start from scratch! Our team feels this is a real validation of the direction BTS is headed with our programs and systems to help club owners increase profits.

**NC** - How fast do you think you will grow and is growth your company goal?

**RB** - Our mission is for EACH club to be a "RAVING FAN!" We know this is done by delivering the highest quality products and service. More specifically, it is achieved by really building relationships with the club owners and managers and changing or enhancing the way they do business. From how they market, how they sell, how they price, how they service to new retention strategies. So to answer your question, we are not driven by quantity, but by quality. Our growth will come one club at a time. One Raving Fan at a time.

**NC** - How is BTS doing on your number of raving fans?

**RB** - The key metric we use is our percentage of clubs that are *Platinum Elite* which means they have five or more BTS programs. This means our customers are seeing results from our programs and systems. BTS currently has 25% of our clubs with 5+ programs which is an increase of 118% in the number of *Platinum Elite* clubs in the past 12 months. Furthermore, we have 41% of our clubs that have three or more programs and both of these numbers represent 10 year highs.

Comments from Cathy Spencer-Browning, BTS National Training and Program Director

**NC** - Cathy, in May of 2005 you introduced five programs, Group Power®, Group Centergy®, Group Step®, Group Ride® and Group Kick® and in 2006 you introduced Group Groove®. And now, you have just introduced Group Active™, your program targeted for the massive de-conditioned market. I have spoken with many of the top operators like Mike Arteaga, John Miller and Gordon Johnson and they all are *Raving Fans* of both your

system and your programs. I know they all participate in the programs. What is the key in what you and your team do to deliver this level of quality programming?

**Cathy Spencer-Browning (CSB)** - Well, Norm, I think it all comes down to two things; our team and the intense and comprehensive program development process.

Our team has vast industry experience, with most having exercise science



backgrounds or degrees, but many have been considered the best choreographers in their specialty, such as yoga, step, hi-lo, dance and kick boxing. This is a tremendous advantage as we have great creativity in our programming, even though it is within a tightly controlled system. Many of the instructors and participants have really been thrilled in the variety of the programming, even in something as straight forward as a barbell program such as Group Power. We have introduced new formats and exercises in all programs to ensure that the participants and instructors always are "wowed" with the freshness and, of course, gain great results because we really change up their training methods.

**NC** - And your program development process, tell us a bit more about that.

**CSB** - WOW! Where to begin? Well, when we say intense, we mean intense. We spend over 300 man-hours on each and every release, or new class, for each program. And what we have introduced to programming in the industry is the most thorough testing phase. Like any great product, it must be rigorously tested. And we do

(See *BTS Quality* page 14)

# Since you need insurance, why not **SAVE MONEY** and have **PEACE of MIND?**

“ Ken Reinig and Association Insurance Group have provided us with excellent insurance protection for our clubs for over ten years. We started with Ken because he saved us money and we stay with his company because their service is the best we have ever experienced. Owning three clubs is enough of a challenge without having to worry about insurance. Using Association Insurance Group has been one of the best business decisions we have ever made. ”



*Mark and Karen Steinfield*

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**Association Insurance Group**

## ...BTS Quality

continued from page 12

this from the get go. And really importantly, we include the clubs, instructors and members in this process. So it is not a controlled environment. It occurs in at least six markets in the US and Canada to ensure we have a great cross-section to give us the most valid feedback.

We begin this testing and evaluation up front on the music selection for each release. Music is so important as it really drives the exercise experience. Every song can make or break a release. We work with major music companies around the world, tapping into the best of current hits, past hits, club music, techno - you name it, we get it. We also have a full-time sound engineer on staff that works with the program developers to make the music just perfect for each program. To make the music just right for exercise, you often have to increase or decrease speeds, lengthen songs, add sound effects, enhance music levels or even edit words that may be distasteful. Most songs on the radio actually aren't suitable for the group fitness experience because of issues like length or speed of songs – they often need adjustment to make it really work for "exercise" music.

So we have a process in place that before we even begin programming, we have music evaluations done by 10-15 group fitness managers and instructors in different markets on the proposed song list for each program. Each song must score an "approved" rating by this team before the programming begins.

From there, hours go into programming each song to really find the perfect marriage between movement and music. Then once a release has been programmed, it goes out to the test team, which consists of 10-15 instructors for each program, in at least six markets across the US and Canada. Our goal is to have over 1000 participants in at least 50 classes experience each program. We then gather all feedback on music and programming, make any necessary adjustments – and then we film.

**NC** - Cathy, that is impressive!

**CSB** - Well, it doesn't stop there Norm. We have a 360-degree system. Once clubs have launched the new quarterly releases to their members, a comprehensive survey is sent to club management and instructors to score music, programming, member response - everything. The survey is statistically analyzed and circles back to the program development teams. We can tell you what % score the song in the Bicep track in Group Power received or the % score the programming received in the Salutations track in Group Centergy. This is how we stay laser focused on quality. The teams are competitive – they want the highest scores!

### Comments from BTS President Terry Browning

**NC** - Terry, I understand that you have responsibility for marketing. A number of the clubs I talk with mention the quality of the marketing campaigns BTS has developed. Would you talk about that?

**TB** - The focus of our marketing system is to give clubs great variety in the way they can market the programs and actually increase group participation and then overall club profitability. Clubs have really wanted more than just typical "hard body" campaigns. We offer the clubs campaigns for the 30 and under crowd, but where we have hit a chord is by offering great resources for the 30-50 and 50+ markets. In addition to the programming enhancements, this has increased participation for clubs since now they truly are able to attract a wider audience.

BTS currently has four major campaigns that allow clubs to choose the ones that match their club's demographic. We have tried to move clubs away from just marketing "features" as it has been the industry standard for so long and get into the "benefits" of exercise and specifically each program. Feedback from the clubs clearly indicates there really has been an emotional connection to the programs and campaigns. Our two most popular campaigns are the

"Define You" campaign which targets the over-30 female and focuses on the physical AND attitudinal benefits of each specific program. The "Real Reason" campaign is lifestyle oriented showing the benefits in everyday living derived from each program. Each campaign is available in various mediums, such as posters, direct mailers and e-blasts so clubs can put together a great marketing campaign.

**NC** - Tell us more about "feature" advertising and "benefit" advertising?

**TB** - Sure, Norm. When clubs market features, such as the number of locations they have, how many pounds of weights they have, group fitness, personal training, and cheap price – this only attracts the current health club member. But to really tap into the non-club population, we need to market benefits – we need to connect emotionally. Look at Nike, Apple, Starbucks – they market the benefit – they market the dream. They don't market price or features.

**NC** - I understand you launched your new website last month?

**TB** - Yes, we have been working on a total redesign for the past 12 months and launched in February. The website (bodytrainingsystems.com) contains an enormous amount of marketing resources, education and information about all phases of the BTS operations in an easy-to-use, easy-to-locate site. All of the BTS marketing and management resources are accessible through "Management eSource" which is password accessed for each program that a club licenses. In this section, we really help clubs pick the best campaign for their market and for the goal of increasing participation, sales and or referrals.

Here clubs can download campaigns and print or download and redesign. We even have partnered with Susan K Bailey Advertising so clubs can get a full turnkey service – just pick your program campaign, method such as a direct mailer and they'll do the rest.

**NC** - Cathy, I have heard Rich talk about the BTS Trainer Team as your "secret weapon". Please ex-

plain that?

**CSB** - The BTS Trainers all play a vital role as they go into the clubs and train the instructors and club management on our philosophy which focuses on creating memorable member experiences.

Today, we have a veteran team of 38 Trainers with average experience training for BTS approaching five years. Their job, and it's never an easy one, is to ensure the club works together as a team. The clubs learn

Coaches are singularly responsible for the success of each of our BTS customers. The Coaches are highly skilled in helping clubs manage group fitness for the economic benefit of the club. The Coaches focus on increasing the clubs' percentage of total visits going to group fitness by addressing team building, marketing, scheduling, measuring and even the design of the most effective group fitness rooms.

The Coaches work



here it is not about BTS or our Trainers; it is about them and the members. BTS is here to support them. To ensure the effectiveness of the training, we have a mandatory evaluation form for each participant who completes training and our training team scores an average of 95 out of a possible 100. We are always driving quality.

**NC** - How do you select trainers?

**CSB** - The BTS Trainer selection process and development process is very intense. We have extremely high requirements because of the important job they have. We know we do not get a second chance to make a first impression. We invest substantial money and time into each to ensure trainers can deliver the training packages at the highest level – the level the team has set!

The development of new trainers takes from 9-12 months as they go through a comprehensive process that includes three days attending Trainer Tryouts and those selected work closely with a team of Senior Trainers until they are ready to lead training.

**NC** - Rich, what are BTS Coaches and what do they do?

**RB** - The BTS

directly with the owner, general manager and group fitness director to deliver quantifiable results.

The BTS Coaches have extensive experience with BTS and have held previous positions as general manager, group directors, instructors, in addition to their extensive work with BTS clubs.

### BTS Strategic Partnerships

**NC** - Terry, from the BTS website, I see a number of strategic partnerships. How have these come about?

**TB** - Norm, over the last ten years BTS has worked with a number of companies. Those on the following list all understand and support the BTS philosophy and mission in addition to producing outstanding products with excellent service:

- Nike
- Downstream (provides the interactive components for Nike Town);
- Chris Crowley and Dr. Henry S. Lodge – Authors of "Younger Next Year";
- IHRSA's National Fitness Business Alliance (previously known as: The Thomas Plummer Tour);
- LeMond Fitness

(See **BTS Quality** page 30)

# Is your club's nutrition program starving for attention?



## hungry for a solution?

We all know that exercise and nutrition are both extremely important to our members achieving successful outcomes. Well, imagine your health club had no treadmills! That's what it's like when you don't offer at least basic nutrition tracking/meal planning for your members.

VITABOT allows health clubs to fill this massive void in their member services. For several years, VITABOT has been emerging as the "treadmill" of nutrition, by providing a private-labeled service that delivers nutrition tracking and meal planning to your members through your club's website.

Since diet and nutrition are of such great interest to potential members, hundreds of health clubs are now successfully using VITABOT to bring in more new members, drive personal training revenue and improve member results and retention.

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# Diversify or Die

**By Casey Conrad**

In his book "Differentiate or Die," Jack Trout states that in our ultra-competitive world differentiating yourself by discovering your products uniquely valuable qualities is the only way to succeed in a crowded marketplace. For many in our industry this book was a "must read" back in 2000.

Compare today's market with that in 2000 and one thing is certain. The health club business has moved past ultra-competitiveness and into commoditization. Commoditization occurs when a marketplace is being driven by price. As an industry we may not be completely commoditized but we're getting darn close!

Speak to any club owner and 90% of them will say, "I've had at least one low-cost competitor come into my market within the last year." Some have multiple, new, low cost competitors. Whether it is a new facility or

a converting model, low-cost operators shake up the market and take members and tour traffic away from all other clubs in an area. Even when the hit to members and traffic is short-term (typically 18 months of total effect), it hurts an already lower profit business often creating a cash crunch.

For any club finding themselves in this predicament, it would be great if they had prepared for such an event by following the strategies of Trout, which are clearly understanding how they are substantially different from their competitors, and ensuring that their message and their marketing conveys these differences. The reality, though, is that most clubs offer the same equipment with the same basic programs and the same basic service. Finding themselves in a "do or die" situation doesn't allow for a lot of brainstorming and internal work on your unique selling proposition or brand (both of which are long-term

processes). Do or die situations require an immediate response. Operators simply need to find a way to bring more revenue into their club without being dependent upon selling more member-

ships. The immediate response I propose that will instantly bring in additional revenue from existing members is adding a weight loss program to your facility. Certainly I'm biased in making such a statement. I am the President of an international franchise of weight loss centers and have an in-club weight loss product. Quite frankly, however, I'm not writing this as an advertisement for my programs. I don't care what weight loss program you put into your club—really. What I care about is, as an industry leader, ensuring that health club operators remain vibrant and competitive. With that said, here is the brutal reality:

IF YOU DON'T ADD WEIGHT LOSS AS AN OF-

FERING IN YOUR CLUB, YOU WILL NOT BE ABLE TO COMPETE AS EFFECTIVELY AGAINST THE LOW PRICE FACILITIES—AS WELL AS NEW TO MARKET OPERATORS.

Don't believe me? Consider these alarming statistics:

- 66% of Americans are either overweight or clinically obese.

- The Center for Disease Control has stated that obesity is now a Pandemic in the US.

- Deaths due to obesity-related illnesses will surpass deaths from tobacco use within the next two years, if not sooner.

- For the first time in the history of the United States of American children being born today will not live as long a life as their parents, primarily because of obesity related diseases.

- Our already strained health care (aka "sick care") system is being overbur-



**Casey Conrad**

dened with obesity related expenses. For example, the number of Gastric Bypass type surgeries in 2005 topped 140,000.

Now consider these business market facts:

- The health and fitness industry is reported to be in the range of \$16 billion annually and the weight loss industry TRIPLE that at \$48

(See Casey Conrad page 18)

**Come see us at IHRSA San Francisco Booth #6209 to find out more!**

## Add a weight loss profit center to your club.

**NOW there's a simple low cost way to Take It Off at your club!**



Take It Off, a 3-month weight loss program, designed by industry expert, Casey Conrad, is specifically for health clubs. No big, up front investment or special staff needed. Internet training makes staffing and implementation easy.

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**...Casey Conrad**

continued from page 16

billion.

- According to American Sports Data, 87% of health club members cite either weight maintenance or weight loss as their primary reason for joining.

- Recognizing a gap in the market, more and more doctors and medical professionals are beginning to get involved in the health and fitness industry. For years doctors have been getting more and more involved in physical rehab. However, now these individuals are opening cardiac rehab centers, health clubs and some bariatric docs are getting into the fitness and weight loss center business. This is a HUGE development that will continue if health clubs don't offer a solution for the current non-member.

- More and more franchises are popping up in the weight loss industry that now also offer exercise AND newer, boutique fitness franchises are offering weight loss services. (My Healthy Inspirations franchise, at 135 worldwide locations now, is just one of many.)

When you take into consideration the entry of numerous low-cost facilities and add these statistical and market conditions, what you get is the creation of "the perfect health club storm." The result will be a slow but continuous chipping away of member base from traditional clubs that have no differentiation. People who want low price will leave. People who want personal attention will go to a boutique. People who want a weight loss program will go to a facility that offers both fitness and diet under one roof. In the alternative they go join Weight Watchers and spend another \$40-60 a month elsewhere. (If you don't think that is the case, take a poll at your club. You will be shocked to learn of how many of YOUR members go to Weight

**Watchers!)**

However, if clubs begin offering a real weight loss solution they will be able to fend off new competitors in both the low-cost and the weight loss categories. For one, most low cost clubs aren't going to offer any type of weight loss program because that requires additional staff support, which is not in their model. Two, current members would much rather buy a product or service from someone they already know and trust—that's you! Three, the most valuable asset in today's society is time. The mere fact that you offer weight loss will make buying from you more appealing to the member.

The bottom line is that clubs need to step up to the plate and begin offering a real weight loss solution for their members—not just saying "exercise and you'll lose the weight." That is proven NOT to work for most people. Just take a look at your members. **Believing that a club can maintain market share without offering a product that addresses the #1 health concern in this country is simply living in denial!**

In closing, consider this. Whether it was due to arrogance or ignorance, many club operators snubbed their nose at the Curves model. Little did they know that by filling an un-served void in the market, these "little hole in the wall fitness places" would become the fastest growing and largest fitness franchise in the world!

Well, **THERE IS A GAPPING HOLE IN THE MARKET RIGHT NOW!** That hole is a comprehensive weight loss solution. Are you going to fill the hole in your club's offerings?

If you would like a free audio, "How to create an in-club weight loss program that works," please visit, [www.healthclubweightloss.com](http://www.healthclubweightloss.com)

**...Norm's Notes**

continued from page 10

2006 revenue grew 34.5% to \$139.3 million from \$103.6 million during the same period last year. Revenue for the year totaled \$511.9 million, up 31.2% from \$390.1 million in 2005. In addition to his great achievements with ***Life Time Fitness Founder, BAHRAM AKRADI***, is also giving huge support to ***IHRSA's Industry Leadership Council***. We should all thank him for that.

Additionally, and on a personal front, Akradi, has emerged from the problem he had last year in a high school parking lot with a high school student. He is moving on with life.

- **MARK GOLOB**, the **Founder and CEO of Butterfly Life, 30-Minute Fitness and Weight Loss Centers**, is moving his fitness facilities for women established several years ago forward into the weight loss world. Good move Mark! The international, 100+ club company is de-

scribed in a company press release as, "Unlike any other leading 30-minute fitness or nutrition centers, Butterfly Life offers effective longterm weight management, as well as healthy living solutions for fitness, nutrition, motivation, beauty and fashion all under one roof." Focusing now on true lifestyle change, Golub says, "Our 360-degree approach to women's health is unrivaled and enhances every aspect of a woman's life, (See Norm's Notes page 20)

# JLR Associates always deals you a winning hand!

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JLR Associates is the largest executive search firm dedicated solely to the health, fitness and wellness industry. Principal Jeff Randall owned and operated health clubs for 20 years before founding JLR Associates in 1997. Associate Dennie Noecker has more than 30 years experience in the fitness industry and has made hundreds of hiring decisions for all key positions.



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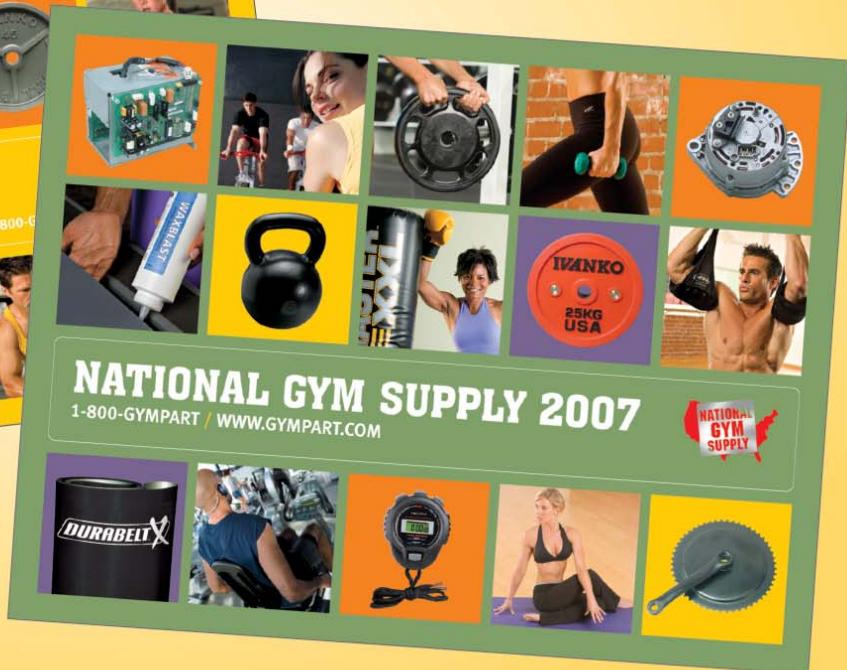
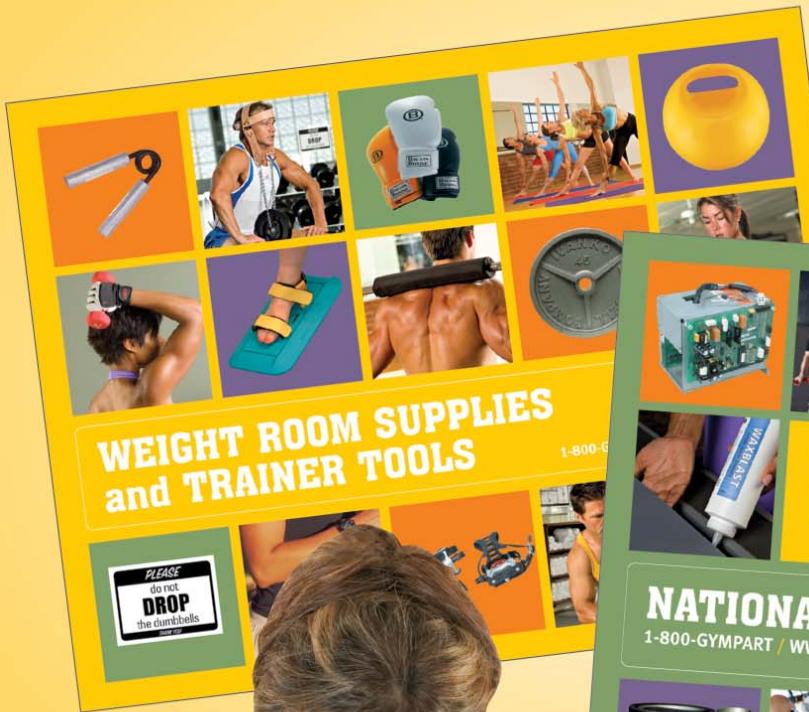
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# “\$100,000 Added to the Bottom Line!”

## **By Donna Krech**

They tell me I'm an expert at this. Ok, I am an expert. I am an expert at making money in the weight loss business, an expert at what we do inside our facilities, and an expert at inspiring my team and myself to share our life-changing message. I share with you today from that expertise.

From 160,000 sq. ft. multi-purpose locations, all the way down to 30-minute express facilities, health clubs come in all shapes and sizes, as well as all incomes and debt-loads. Many are doing fine financially, others are struggling to grasp their market share, and others have yet to even come close to making ends meet. Competition is at an all-time high, and income can be at an all-time high also, as long as a money-making component is added to set the club apart from all the rest. Weight loss is that component.

In 1991, we started our first fitness facility. Within three years we had 10 of them. We were doing well, but we noticed there was no one coming through our doors that had any weight to lose. Was the obesity level I had built eight businesses on finally falling? No. In fact it was creeping upward. Then, what was the cause for the person who needed us the most *not* coming through our



**Roy Leedy**

## **...Norm's Notes**

continued from page 18

not just her weight. Our world-renown panel of experts has

doors?

We decided to find out. Stemming from our success in the weight loss business since 1982, we had the expertise for creating powerful marketing and sales presentations that worked, along with great program development experience; so we performed a test. We created a program and began to advertise it. The phone rang off the hook, but when people heard we were a fitness facility (it wasn't in the ad) 50% of them hung up on us. When those that did book an appointment showed up, the moment they saw it was a gym, 50% of them walked out. The ones that remained enrolled. It was clear. The need was very much still there. We simply had to discover how to bring them in.

We did that and have been doing so ever since. The problem is still the same for most clubs. *Those who need you most are not coming to your club.*

We not only know why the overweight person isn't coming to your gyms. We know how to get them into your gyms. The keys that make this concept so different are simple, yet incredibly result-producing. If you don't add our program to your facility, please do add a good one. There are lives to be saved, money to be made and relationships in your community to build.

But hey, I own the company and of course, I'm going to say we're great. Today, I share my story from a club owner's perspective that addresses many questions that might be in your mind. The following interview with club owner, Roy Leedy, who added our weight loss program to his club will share the incredible difference it has made to his business.

### **Meet Roy Leedy – Super Fitness, Mansfield, Ohio**

Meet Roy Leedy. Roy owns Super Fitness in

created simple and effective exercise and nutritional programs geared to help women succeed at weight management and healthy living."

Mansfield, Ohio. When Roy bought his gym, it had done \$240,000 in total revenue in the previous 12 months.

**Donna** - Roy, let's get right to it. Our readers have been told they'll meet a real club owner who's added a weight loss component. That's you. What would you tell someone thinking about adding weight loss programs to their club operation?

**Roy** - Add a weight loss component that brings the outside market in. Of course your existing members will buy, as they did for us. But adding the right component brings in the outside market. People we've not been able to attract to my club before. We grossed \$500,000 in five months after we added the weight loss component to our club!

**Donna** - Is weight loss difficult to combine with fitness?

**Roy** - To those of us in the industry, there's an obvious connection; but the mindset of the weight loss member is different than the mindset of a gym member. That's great for us, because most of them haven't joined gyms before. So, they bring new memberships to the gym.

But, we did take steps to avoid alienating the overweight population. I designated a secluded section in front with a separate entrance. With full knowledge that the overweight person feels intimidated in a gym, I invested in a separate area for this profit center. In the past I heard women say, "I've got to lose 20 lbs before I can join" or, "I'm not sure if I can fit on the equipment." With these comments in mind, I knew if I marched these new prospects through the heart of our club, I would lose them.

I also added a phone line designated to our new program and answered the phone with a different name than the fitness club.

Good on 'ya, Mark!

• **God bless our troops, airmen, seamen and their families. God bless the poor people of Iraq who**

**Donna** - How does that work?

**Roy** - We know most members join to lose weight, whether they're a club member already or because they want to specifically get involved with a weight loss program. When we changed the name from Ladies Super Fitness to Mansfield's Super Fitness and added weight loss, we expanded our potential market from 14% to 81%.

**Donna** - Is it easy to sell?

**Roy** - Selling a combination program is good for three reasons. You can sell to your existing members who want to lose weight but haven't joined a weight loss program somewhere else, you can use the two-price presentation at the point of sale to show the value of the program and you can reach that huge weight loss market that was previously unavailable to just the club.

**Donna** - How did you market the new concept?

**Roy** - I marketed to my specific audience. To keep from intimidating the weight loss members, I advertised the club and the weight-loss concepts separately. My weight loss program ads included "before" and "after" pictures of real people that are targeted to attracting the overweight population. I plugged in the Rule Of Five when I introduced the new weight loss program to our members. I sent a post card to existing and expired members. We followed up with a phone call inviting the members to hear about the new program. My team booked appointments off the floor, made announcements and sent emails.

**Donna** - Have you tried adding additional income streams to your club before?

**Roy** - I didn't have to try anything else. I chose your program for their systems and the cutting-edge part of the program called Life Success®. Life Success® is



the **motivation** element that ensures your members will keep their weight off permanently, which is my heart's desire.

**Donna** - What would you tell someone who doesn't think they have the time or money to add a weight loss program to their club?

**Roy** - I would point out the facts. We brought in the 67% of the overweight population that were previously not coming through our doors. We expanded our market penetration from 14% to 81% and we went from an average of 25 new memberships a month to 100 new memberships a month. I know of many locations that didn't even have to add a new staff person. Like I said, we produced more than twice as much gross revenue in five months than we had the entire year before! It might sound cliché, but I would say to any club owner, "You can't afford NOT to add a weight loss program!"

(Donna Krech is the President of Thin&Healthy Total Solutions® and may be reached at: (419) 991-1223 or by email: [mbigler@thinandhealthy.com](mailto:mbigler@thinandhealthy.com))

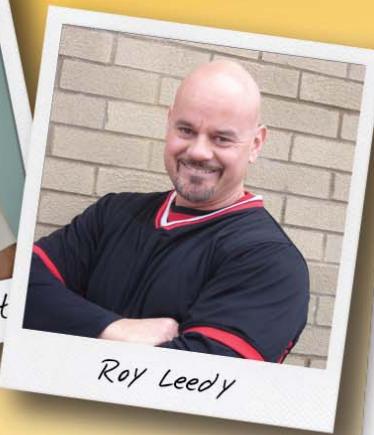
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- Norm Cates, Jr. - **The CLUB INSIDER News - Publisher Since 1993**

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Donna Krech  
Founder/CEO  
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## ...In Review

continued from page 3

ready been carefully and successfully delivering your club's messages on active aging to the 50+ marketplace. But, even if you are well into this realm, your club and your members cannot help but benefit, from ICAA involvement.

On the other hand, you may have totally ignored the 50+ marketplace, so far. Many young club owners have made this mistake.

But, rest assured about this. Clubs who do reach out to and successfully grow and nurture this ever increasing market are going to be taking more to the bottom line on their club financial statement each year, because they did.

For information on **Colin Milner's International Council On Active Aging** contact: [www.icaa.cc.org](http://www.icaa.cc.org)

The second page #3 report addressed news from another visionary and was entitled: **"Michael Grondahl's Planet Fitness Acquires World Gym International, Inc."** This report chronicled the journey that Grondahl and World Gym CEO, Mike Uretz, took in putting this major development together. According to both Mike Grondahl and Mike Uretz, they are very satisfied with the early results.

And, Mike Grondahl has not been idle. He has been transitioning the WGI alliance with Planet Fitness since last year and at the same time has been investigating another, but much larger target. STAY TUNED.

An article entitled: **"How Do You Check Out As a Health Club Owner?"** by Jim Thomas and Donna

**Krech's "The Bottom Line on the Weight Loss Market"** Part II were our Contributing Author articles. Also, an article by yours truly entitled: **"Joe and Heather Graves The Stars of Vitabot!"** appeared in our November, 2007 edition.

**Norm's Notes November 2006** • My first Norm's Notes in November, 2006 heralded the beginning of the 14<sup>th</sup> year of publication of **The CLUB INSIDER News**.

I will only say here that it has been quite a challenge and really ... some ride! • Wished happy season's greetings to everybody for the holidays. • Commented on **Mike Grondahl's Planet Fitness** acquisition of **World Gym International, Inc.** • Commented on **Alan and Steven Schwartz's** rebranding their multipurpose clubs to all be known as: **Midtown Athletic Clubs**. What great credits **Alan and Steven Schwartz** and their entire team are to our industry!

• Mentioned another big time industry mover and shaker, **Don Konz**' involvement of the D.C. area **Sport and Health Clubs** with the donation of \$100,000 in fitness equipment **Project Fit** to place in local schools. • **TSI, under CEO, Bob Giardina**, continued to post good quarterly numbers. • Announced that the industry **900 pound gorilla, Life Time Fitness**, had opened a new mega-club in Alpharetta, GA. in November, 2006. • Wrote a note to inspired **CLUB INSIDER News** reader, **Doug Heinz of Home Courts of America** thanking him for his nice note about the work we are doing on **"Our Group."** • Shared news about my friends **Jack and Elaine LaLanne**, traveling to **Geoff Dyer's Lifestyle Family Fitness** marketplace, in

the Tampa, Florida area, for a rousing personal appearance at Dyer's clubs. There is only one Jack LaLanne and he is a national treasure and now 93 years old. Jack is truly amazing in personal appearances!

**Jack LaLanne, Bill Pearl, Red Lerille, Bob DelMonte- que and Ray Wilson, have the best age 70+ physiques in our industry** and I want to be like them and am working on that. But, I know it is going to take a lot more work and a lot of years to even barely compare to these amazing men! But, even a 61-year old guy like me can dream of and have a goal of a much better physique and becoming **"Younger Next Year!"** • I mentioned the book **Governor Mike Huckabee of Arkansas**' wrote entitled: **"Quit Digging Your Grave With a Knife and Fork."** Only, I accidentally re-titled the book by typing the words: "Quit Killing Yourself", so could only figure one way out of that and it was to apologize to the Governor and I did in the next edition and do again, today. In that same Note I mentioned dynamo **Casey Conrad's** new book: **"Winning the Struggle To Be Thin"** an amazing book with testimonials from 62 of Casey's **Healthy Inspirations** female clients.

• Also, I mentioned that I had postponed my work on my book, **"Leaving FAT City"** to focus on helping **Casey Conrad and Governor Huckabee**, both prolific authors, promote their new books. In Governor Huckabee's case, his new book is entitled: **"From Hope to Higher Ground"**, a work that I believe truly clearly shows Governor Huckabee's Presidential timber. Here is a man who was called and who has answered the call and a man that I do believe someday will be **President of the United States**. That might not happen on January 20, 2009, but I do predict now that it will happen someday. STAY TUNED!

• Congratulated **David Patchel-Evans** on his winning, not one, but two honors: 1) the **Ernst & Young Entrepreneur of the Year Award** and the **Entrepreneur of the Year Award** sponsored by the **National Post, Global, LaPresse and RDI**.

On page #10, right

below the end of **Norm's NOTES**, I wrote a tribute to my **Dear Aunt Blanche Beavers Fish** of Springhill, Louisiana. Sadly, she had passed away on November 3, 2006. My further condolences on their loss go to my cousins **Cathy McClain, and Tony and Eddie Fish** and to my **Dad** and his wife, **Louise**, who were very close to her. May **Aunt Blance** rest in peace.



December, 2006

**Cover Story** – The cover of this edition featured the covers of all 12 of our 2006 issues. This became an annual tradition about 7 or 8 years ago. But, I will tell you now folks, at the end of 2007 I am again going to feature all of our covers and will produce the entire 2007 summary in the December, 2007 issue.

A page #3 report entitled: **"The CLUB INSIDER News From the Beginning in 1993 to 14 Years and Counting!"** was published and included a photo of the one and only, **Red Lerille** of Lafayette, Louisiana, depicted with one of his restored vintage bi-wing aircraft.

Page #3 also had an article entitled: **"A Personal NOTE from Norm Cates"** and I wrote that as we were approaching Christmas. I wanted to thank my **Dad, Norm Cates, Sr., U.S. Air Force, Retired**, and my **Uncle Sam Ingram, U.S. Navy Commander, Retired**, for their service to America. And, thanked **our troops, airmen, sailors and marines** serving us all in the Middle-East and around the world. I also mentioned that we should all also thank the families of our troops, airmen and seamen because they sacrifice greatly during war and really, always. I do know about their sacrifices, from my own life. In 1950 my Dad

was sent to the island of Okinawa to serve in the U.S. Air Force during the Korean War. That meant that my Mom and brother, Allen Gene and I, had to live without our Dad for one full year. That happened when I was just four years old and my brother was one. We missed him greatly and I know the families of our servicemen who are serving around the world miss their husbands, wives, dads and moms, too. But, the good news is after one year my Dad was able to bring his family to live on Okinawa for his 2<sup>nd</sup> year of service there. I remember those days. We lived in quarters that were unusual. Our home was what is called a "quonset hut", which is a glorified name for a huge metal pipe cut in half and laid curve up on top of a concrete slab. Actually, our home was shaped just like the design of the Sporting Clubs, but much smaller ... you know, those mega clubs built by **Jack Naiman** in partnership with the Japanese. I wonder if they copied those structures on Okinawa when dreaming up those club designs? I doubt it. The most exciting time was when we lived through a 120+ mph typhoon inside the half pipe home! I also went to the 1<sup>st</sup> grade in one of those half pipe structures. That, was a trip, too!

Our last page #3 report entitled: **"Gold's Gym Announces Resignation of Gene LaMott As President and CEO: Board Appoints DAVID SCHNABEL AS CEO"** was a press release published by **The CLUB INSIDER News** as a courtesy to **Gold's Gym International**.

Contributing Author articles by: **Donna Krech, "Behind the Scenes Secrets for Successful Weight Loss Coaching" and Will Phillips, "Staffing and Strategy – The Hidden Calamity In Many Health Clubs"** were published.

**Norm's NOTES**  
– December, 2006 • The proud Dad of **Justin Cates**, a Senior at the **University of Georgia**, commented that he had been honored by his **Phi Kappa Theta Fraternity** brothers with election as **Vice President of Finance and Treasury** and I thanked him (See In Review page 24)

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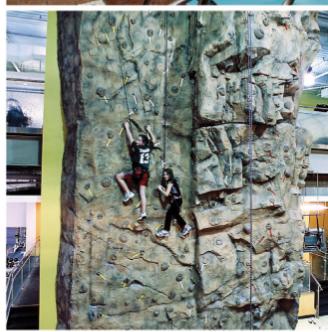
**Joe Cirulli**  
Gainesville Health & Fitness and REX Member

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**...In Review**

continued from page 22

for his now 14 years of service to **The CLUB INSIDER News**. • Announced our January cover story and interview with **Governor Mike Huckabee**, who served for 10 ½ years as Governor of Arkansas. • Share my great experience, my "drop-in" visit with **ABC Financial President, Paul Schaller**, in Little Rock, Arkansas. **ABC Founder, CEO and 30-year club owner and financial services veteran, JIM BOTTIN**, will be our next great cover subject for our post-IHRSA April edition. I also mentioned the excellence of **Ms. Heather Girdler's directions** to get me to the ABC Financial Headquarters. This is a minor point, but I truly believe many, many, many clubs would sell more memberships if **ALL** of their staff were well trained on giving excellent directions to your sites! I thanked **Paul, Ms. Girdler and Sal Corrente**, for my nice visit. **STAY TUNED** for **Jim Bottin's** cover story next month! • **Body Training Systems** rolled out their excellent new **Group Active Program** and my wife, Ilena, and I enjoyed a preview of their new and really excellent **Group Active** classes with a number of BTS employees. Group Active was officially rolled out by BTS in January, 2007 and is doing really well in all markets with the de-conditioned and others in clubs. The key to this class to me was the gentle, very easy

way it brought us into movement. And, I was really happy with how I felt the next day, also an important measure and concern. **Body Training Systems** was again featured as our cover subjects for this month because this is a vitally important story for all of you in this industry who may own clubs that need to have your group ex program totally revitalized and energized. • I announced more good news about the banning of trans fats in New York City. • Mentioned **IHRSA San Francisco** and urged all to attend and for companies to sign up for exhibits with **IHRSA's Tom Hunt**. • Announced **Jerry Noyce, Health Fitness Corporation's CEO**, had been elected **Vice Chairman** and that **Gregg O. Lehman had been named CEO and President of HFC**. • **Keith Albright, Sr. V.P. of Franchising for Gold's Gym International, Inc.**, announced a 10-year agreement and formation of the **Gold's Gym Franchisee Association (FFFA)**, described as "a groundbreaking steering committee designed to discuss and resolve matters of interest to the Gold's Gym franchisees. I will add here that after a 20-minute conversation I had with one very upset GGI franchisee last October at Club Industry Chicago, this new GGFA could not come at a better time. I do hope it works because if it does not, we are going to see some big, big changes at Gold's Gyms. • Announced some amazing

numbers for **Alliance Fitness** in Canada who had just opened a new 16,000 square-foot **Exclusively Women's Fitness Center** in Oakville, Ontario. They had opened with **1350** members and in twenty-three days **sold 270 memberships** and **\$69,500** in personal training and **166 EasyZone Weight Loss Programs!** Now, THAT's a great opening! • I expressed my hope that McDonald's had banned trans fats, too, but their website made no reference to trans fats that I could find. Maybe I missed it somehow. • Announced that **Don Konz's Sport and Health Clubs** in D.C. area had acquired the **Fitness University** (Club) in Stafford, VA. • Announced that **Frank Anderson, Founder and CEO of Computer Outfitters**, had sold his 25+ year old company to **KI Software (KIS)** and that Frank had stayed onboard for the time being. Also, **KUDOS** to Frank! Get this. Five years ago I published the first Chapter of my book, **"Leaving FAT City"** as a cover story and my son, Justin and I appeared on the cover. Frank read that cover story and decided to do something about his personal condition. He's lost over 145 pounds, and last fall told me he was about 15 pounds from his goal. He credited reading that one chapter with getting him started. **Congrats Frank!** • Announced that **Brian Evans' American Family Fitness Clubs** had raised an additional \$50,000 with their **4th Annual Family Fitness 10K Run/5 K Walk**. When added to previous amounts raised, a total of **\$150,000** was donated by AFF to **Children's Hospital** in Richmond. Great work **Brian and AAF Team!** And folks, when you see my writing about building relationships and trust in your community, this is a great example of what I am writing about! • **Jim Thomas, President of Fitness Management and Consulting**, announced an investment opportunity in a public fitness organization designed to produce a model for the 78 million **"Baby Boomer"** niche. • Announced that **Fitness First** had reached 500 locations, making them the second biggest club operation in the world, behind **Curves**.

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And, when you compare total square footage, my guess is they are close in total size. The jump in total locations has been caused by continued growth of Fitness First in Europe and amazing growth in Australia, where industry veteran, **Tony deLeede** is the Aussie partner and in four years had taken them from 9 to about 50 locations! • In an important deal for **Plus One** in New York, **Founder and CEO, Mike Motta**, announced that Plus One had taken on management of the private fitness centers of **Fitcorp**, whose leader is my long-time friend, **Gary Klenscheski**, Fitcorp **Founder and President**. • I announced that in Southeast Florida, **Brian Homan**, had been removed by the landlord from the **About Family Fitness Center**, a 37,500 square-foot club. **Tom Flynn**, the personal training operator for AFFC during the first year of the operation, has become the owner. The name of the club has been

changed to: **Body Mechanics Sports Club**. This leaves the investors, good people whom Homan had lured into the deal, holding the empty bag big-time. But, it appears that the close to two thousand memberships that had been sold during Homan's AFF 3-year pre-sale are being honored, even though many were cashed out and reportedly, the cash has not been fully accounted for. I suspect that there is money missing. A lot of money missing. And, IF that is true, then surely the finger must be pointed again, toward Homan. It is also rumored that Homan may have headed to Brazil. Last year I reported, following up on a Fort Lauderdale newspaper interview, quoting Homan as saying "he had a 7,000 square foot home under construction in Brazil." So, I do hope Brazil has an extradition treaty with the U.S. **Do STAY TUNED!**

God bless our  
(See In Review page 30)

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# Personal Training Studio Owner Shares Positive Experiences With SOFA

By Norm Cates, Jr.

Our February edition contained a brief introductory article about Jim Chilton and the Society For Financial Awareness. (SOFA) Chilton, the Founder of SOFA, now has 90 SOFA Chapters across American.

Jeremy Price is an Tucson, Arizona personal training studio owner

er and operator. He shares his SOFA success here.

Price was introduced to SOFA by his Financial Planner, Scott Laska.

**Q.** - Prior to your introduction and involvement with SOFA what non-advertising community outreach programs and thrusts had you employed?

**Jeremy Price (JP)** - None. I would go

out to businesses and provide training for a fee. But, I had never gone out and spoken or worked with groups without expecting to be compensated.

**Q.** - What did your financial planner say to you when he introduced you to SOFA?

**JP.** - He just gave me the numbers. I'm a numbers kind of guy. I had spent over \$1.5 million in the

last few years on advertising. I know how much it costs to bring in a new client. With SOFA, it's free. Really how do you beat that? How do you beat building relationships face to face with people in your community? Sure, they can see your ads but, do they really have that relationship, that handshake? So, I figured, sure. I can go out and help these people free of charge. When they get interested in doing something about their health, who are they going to call?

**Q.** - How has SOFA helped your club business and why?

**JP.** - I know I've spent hundreds of thousands of dollars on advertising through traditional campaigns that did not work. Honestly, for someone who can't afford to risk money, with SOFA there is absolutely no risk. What you have to gain is relationships and building trust in the community where you're doing business. It's all positive.

Let's say it costs \$800 to bring in a client who will spend \$1,300 with you. Typically, when I do \$130,000 in new business in a month it costs me about \$80,000 using my normal advertising campaigns.

With SOFA, for me to bring in that same \$130,000 in revenue, it takes me about 15 to 20 hours to go and speak at SOFA seminars. Plus, I pay my low SOFA fees. So, if I go to 15 to 20 seminars I will bring in about the same amount of revenue as I would have by advertising and spending all of that money. Instead of everybody hearing about me from paid ads I am out meeting people face to face. I leverage our advertising through SOFA. Since January 10, 2007 I've generated over 100 leads at 7 SOFA seminars!

**Q.** - What would you say to our readers, the owners and operators of clubs across North America, about SOFA and Jim Chilton.

**A.** - When you go out and do good things in your community someday those efforts are going to come back to you in a good way. Also, the numbers are there. All you need to do is take the time to create a good seminar presentation and then deliver it over and over at SOFA meetings. You can also use your presentation for many other community speaking opportunities.

I think the bottom line is this. If you're looking to increase your new memberships, lower your costs and gain relationships in the community where you live and do business, I would unequivocally recommend SOFA and Jim Chilton to everyone out there. Jim is quite a character and a really good guy.

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- † Robert Cappuccio, Founder of Legacy Personal Training System
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**...BTS Quality**

continued from page 14

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BTS is the only company in the fitness industry that Nike has a co-branding arrangement which allows the BTS logos to appear on Nike clothing with the swoosh. We also have all the BTS programs in the Lance Armstrong and Bo Jackson facilities on the Nike Campus.

**NC** - Earlier you men-

tioned quality customers that started with BTS in the last two years. Who are some of those club groups?

**TB** - Mid-Town Athletic Clubs (previously, TCA), Wellbridge, Fitcorp, Healthtrax, Courthouse Athletic Clubs, East-Side West-Side Athletic Clubs, ClubFit Canada, Annapolis Athletic Club, Maryland Athletic Club, Equinox, Ritz Carlton and Mike Arteaga's Health & Fitness Centers.

Norm, we also have many, many more great quality clubs who have stayed with BTS that are too numerous to mention in this article.

**NC** - Will we see you and BTS at IHRSA?

**RB** - Definitely, we are conducting our Business

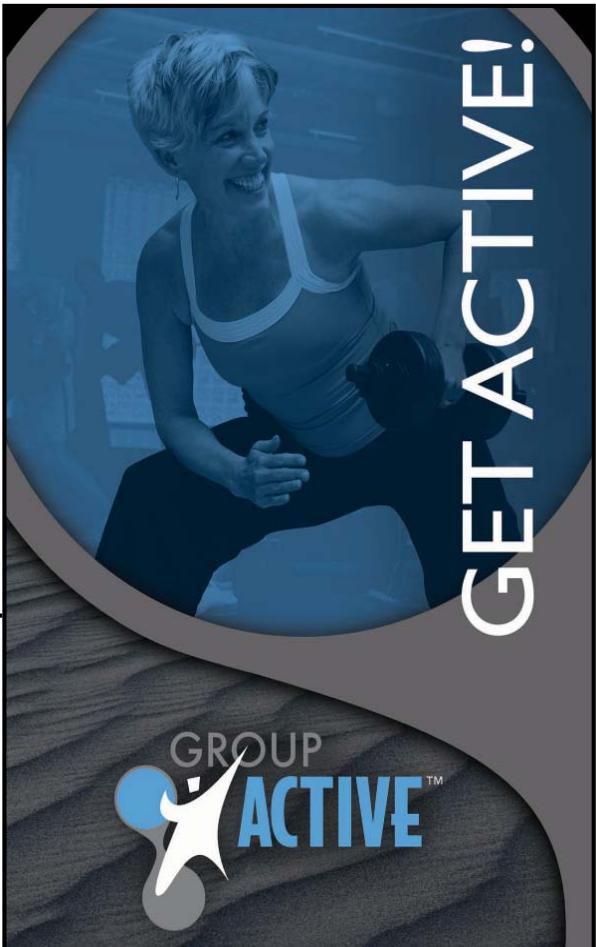
of BTS Management Seminar on Wednesday, March 28<sup>th</sup> and will be at booth #6301 for the Trade Show. So we'd love to see everyone there.

**Norm**: See you in San Francisco, Rich, Terry and Cathy!

Now you have the "inside" story on Quality at Body Training Systems.

And, you have much more information to make your choice a well thought through and *truly educated choice*, surely, in the long run, the best choice for your club.

- **Norm Cates, Jr. The CLUB INSIDER News Publisher Since 1993.**

**...In Review**

continued from page 24

*troops, airmen, seamen and their families. God bless the poor people of Iraq who continue, along with our troops, to be slaughtered by suicide bombs and other weapons. God bless America and God bless all of you.*

- **Norm Cates, Jr. - The CLUB INSIDER News - Publisher Since 1993**


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**Very sincerely, Norm Cates, Jr.**

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