

# THE Club Insider<sup>®</sup>

NEWS

*The Pulse of the Health, Racquet & Sports Club Business*

## RICK CARO LAUNCHES CLUB VISION PARTNERS

By Norm Cates

**N**ew York, N.Y.- Rick Caro, one of the most powerful, well-connected people in the club industry and the person who conceived and founded IHRSA, has created and launched CLUB VISION PARTNERS. Club Vision Partners will be the merger of 4 to 7 major club groups from various regions of North America into one major company. In essence, this merger will be an industry consolidation in its purest form.

Caro created IHRSA in 1981 by bringing together the National Tennis Association and the National Court Clubs Association. IHRSA, now 17 years old, has over 4400 clubs in 50+ countries. Over the years Caro has been instrumen-

tal in helping IHRSA become the dominant club Association in the world today. Since starting IHRSA Caro created the IHRSA Annual Industry Data Study, the IHRSA Institute and a number of other IHRSA services and products. He served on the first Board of Directors and was a President of the Association. He still serves on the IHRSA Advisory Council. In short, Rick Caro has contributed countless hours over the last 17 years shepherding IHRSA to the current promised land of success for its member clubs.

If Caro's new venture, CLUB VISION PARTNERS, is nearly as successful as IHRSA has been, it will be a big winner!

Club Vision Partners is a new organization that will merge 4 to 7 of the most successful and prolific health, racquet and sportsclub groups into one na-

tional power. The assemblage of the club groups will be done regionally with a focus on organizations with four or more locations currently doing business. The criteria for selection of these groups includes, but is not limited to: strong market presence in their respective regions, past history of success, the potential for growth within those territories and compatible mindsets between the regional leaders and Caro who is the Founder and will serve as CEO of the new organization.

The groups that are considering involvement are dominant, long-term players in their respective territories with several of the groups in business for 20 years or more. The initial players have not been disclosed at this time.

Caro became interested

in this development over 1 1/2 years ago when he began to examine the concept of club industry consolidation and how it might be received by Wall Street. Over the past year he has carefully studied the subject. As Caro examined other fragmented industries around the country, he became convinced that the club industry was ripe for a major consolidation like those seen in other industries such as the ambulance industry, office supply, real estate brokerage, temporary living environments, male health clinics, funeral homes and many more. After careful study, Caro and his partners are convinced that a major consolidation will eventually take place in the health, racquet and sportsclub industry and they have decided to be the first to make it happen.



**Rick Caro**

(See Caro page 5)

## NAUTILUS TO BE SOLD

name of StevcoKnit Fabrics Company, and will be selling or closing and liquidating its yarn spinning plant in Spartanburg, South Carolina.

In connection with these decisions, Delta Woodside will take restructuring and other related charges in its March quarter, currently estimated to be in the range of \$32 million. In the Company's last fiscal year, the Nautilus and StevcoKnit divisions recorded a combined loss of \$14.7 million.

In commenting on the Company's decisions, E. Erwin Maddrey II, President and Chief Executive Officer said, "In deciding to sell Nautilus, we made the decision to focus on our core textile and apparel businesses. Nautilus is a great company with a great name and we are confident that this company will be purchased by a buyer who can focus entirely on the exciting area of health and fitness. We believe that our loyal and dedicated Na-

utilus employees will prosper under new ownership."

The Press Release received by The CLUB INSIDER News closed with the following: "Forward-looking statements in this press release are subject to a number of uncertainties beyond the control of the Company. Factors that could cause actual results to differ materially from the Company's estimates and projections include the inability of the Company to sell the

StevcoKnit assets or the Nautilus business on satisfactory terms and in a timely manner and the other factors described in the Company's Annual Report on Form 10-K for the fiscal year ended June 28, 1997."

This statement brought one important question to mind which is: "What is the plan for Nautilus if you are unable to find a buyer at terms suitable to both parties?" Calls to Delta Woodside to ask that question were not returned by press time.

### Inside The Insider

- You Are The Pioneers!
- Prospecting Plans That Create Sales
- Helping Members Succeed
- National Fitness Therapy Association Launched
- Examining The Circle

## The Benfield Group Sold

**S**t. Louis, MO.- Jeff Bensky, founder and owner of The Benfield Group, has sold his healthcare consulting firm to its two senior consultants, Chuck Reynolds and Judy Sewing.

The Benfield Group helps healthcare clients strategically reposition and transform from a focus on sickness busi-

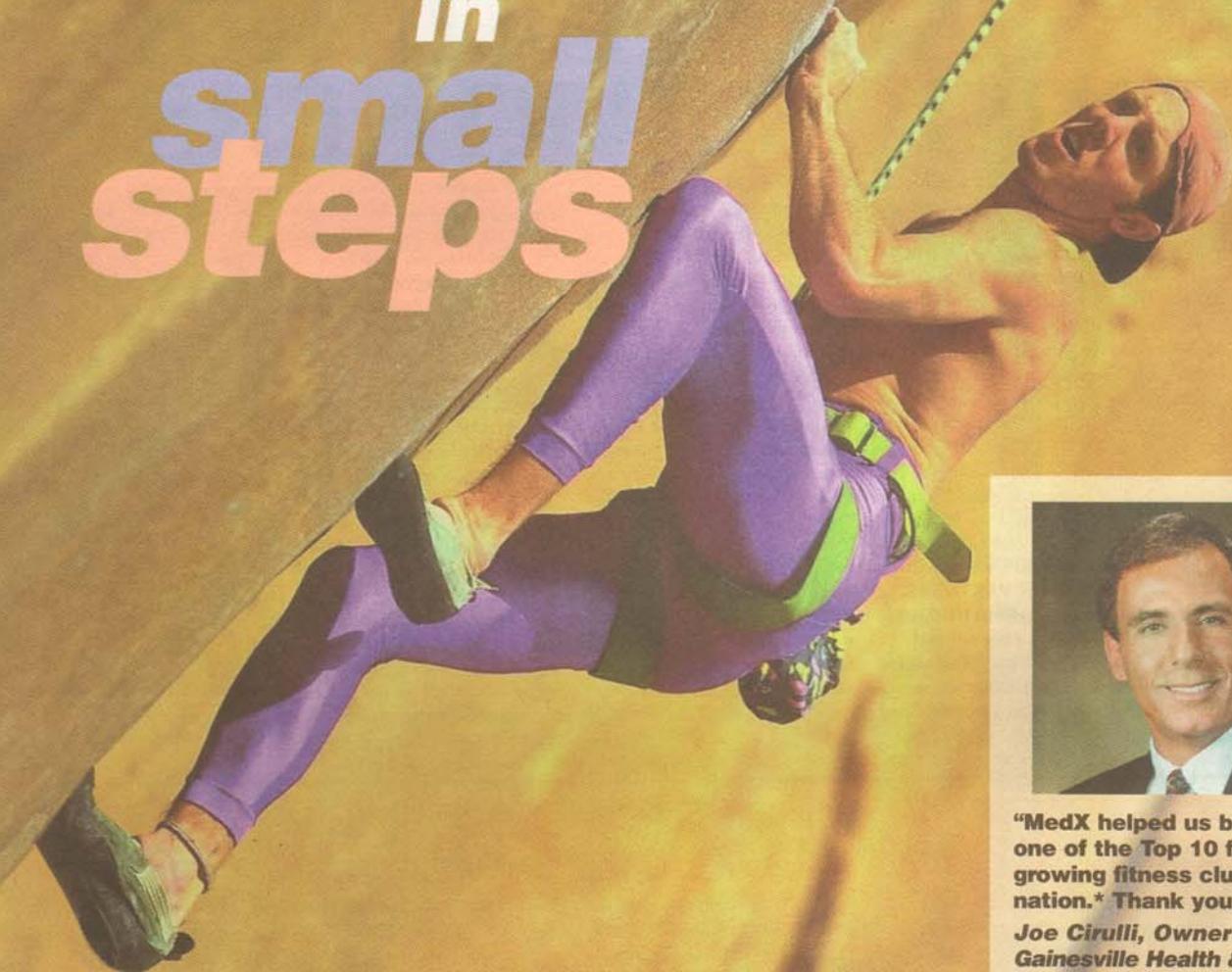
nesses alone to businesses focused on wellness and prevention. The St. Louis-based consulting firm works with hospitals and hospital-affiliated wellness and fitness centers, health systems, pharmaceutical manufacturers, commercial health clubs, holistic wellness centers and managed care organizations from around the coun-

try.

Bensky stepped back from the management of The Benfield Group a year ago to devote more time to the startup of TBG Development, providing new approaches to developing, financing and operating medically-oriented health and fitness centers around the country. At that time, he entrusted the firm's day-to-

(See Benfield Group page 18)

# great things happen in small steps



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**Joe Cirulli, Owner  
Gainesville Health & Fitness**

\*Club Industry, July 1997

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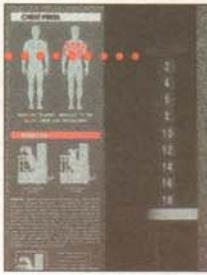
Your goal is to help members realize *their* goals. And our goal at MedX is to help you make it happen. So take that first small step to reach your goals: call us.



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# THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

# YOU ARE THE PIONEERS!

By Norm Cates

**T**he vision of families traveling across barren plains of the Far West in covered wagons comes to mind when one thinks of the word pioneer. But here I want you to convert that thought into a clear visualization of the continuum of time that our industry has experienced. Have you, as a health, racquet or sportsclub professional ever stopped to think about the fact that YOU are one of the pioneers in our industry that is just in its infancy? Yes, the club industry, as we know it, is a mere baby only 60 years old. When compared to other industries such as the apparel, hotel or restaurant industry which are thousands of years old, the club business is a toddler. It seems like yesterday that we had only York barbells for weight training. During those days weight lifting was done for two reasons: to bodybuild or to compete in powerlifting. Many coaches of that era felt that weight training was not good for athletes because it would make them "muscle bound." And, during that era cardiovascular training was unknown only to be defined and taught to all of us by Dr. Kenneth Cooper of the Cooper Clinic in Dallas, Texas.

**We Thought You Would Enjoy This Unique Body Pump Class Invitation**

Norm Cates' **THE Club Insider** NEWS

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Thinking back 25 years in the industry I can remember when I first started in the business with my partners in the Atlanta area there were only 3 commercial fitness facilities in the entire city. Now there are over 150! I can imagine that many of you that are reading this can remember those times as well.

So, what is my point here, you may be asking? Good question.

My point is that while many may think that they have learned all there is to learn about the industry, the truth is we all have a lot more to learn. The advancement of the industry into the next millennium will depend upon a constant quest for and sharing of knowledge by everybody in the business.

Today we are blessed with organizations and companies that are helping blaze the path. IHRSA, IDEA, ACE and the many regional associations provide a variety of continuing education opportunities. The manufacturers are in an intense and constant pursuit of new concepts, ideas and innovations to further exercise and fitness. Companies like Life Fitness, StairMaster, MedX, Muscle Dynamics and Hoggan Health are delivering new products and redefining others. Companies like The STEP Company and CardioTheater are advanc-

ing exercise through products like the STEP and the new BODY PUMP Program and Exercise Entertainment. Publications like The CLUB INSIDER News, CBI Magazine, Fitness Management Magazine, Club Industry Magazine and Athletic Business Magazine offer new educational opportunities to their readers every month.

The more we learn - the more we will have to learn. As the U.S. Surgeon General's Report of 1996 continues to inform the American population on the importance of exercise we should expect more growth than ever. The demand for exercise and fitness will be satisfied in many ways: home fitness products, the not-for-profit facilities and of course, the commercial health,

racquet and sportsclub business.

There are now approximately 21 million health club members in the U.S. This number is expected to increase to 40 million in the next ten years. Consider your market. Where is there room for growth? In many markets, that growth will take place with the REPLACEMENT of competitors in the marketplace by new and tougher competitors. That should be as good a reason as any for club owners and managers to be seeking new learning opportunities.

Just remember, many of the pioneers of the 1800's never made it to their destination due to weather, Indians, disease or all of the above. In the case of the Pioneers of the club industry, some of

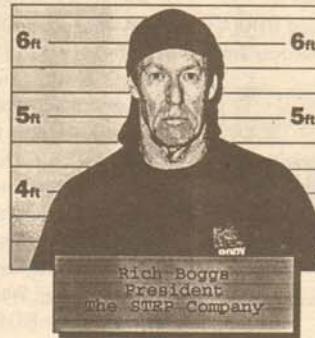
you will not make it because of apathy, being satisfied with the 'status quo' of your business and new-intense competition. Don't let that happen. Read, attend conferences and seminars, use the services of expert consultants, spend time with the manufacturers and vendors of our business and learn from them. Always be on a constant quest for new knowledge and ideas.

You, the pioneers of our industry, hold the future in your hands.

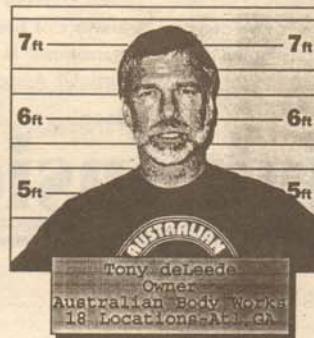
*(Norm Cates is the Publisher of The CLUB INSIDER News and a 25-year veteran of the club industry. Cates was a Co-founder of IHRSA and the 1st President of the Association in 1981.)*

## Would You Take A BODY PUMP Class From These Guys?

**(You can at IHRSA International in Phoenix)\***



Rich Boggs  
President  
The STEP Company



Tony deLeece  
Owner  
Australian Body Works  
18 Locations-ATL, GA

\*\*Owner of Franco's Athletic Club, Ron Franco (not Sandy) is rumored to be joining these two on stage in Phoenix\*\*

**BODY PUMP is the fastest way in the universe to get in shape -and increase your profits.**  
**(Hey, if these two can learn the choreography, think how good your instructors will be.)**

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\*THIS CLASS IS FOR CLUB OWNERS & GM'S ONLY!  
 (Separate class for Aerobic Directors and Instructors is available)

# •NORM'S NOTES•

## • RAY GORDON

and **EDDIE TOCK** and the SalesMakers Team will host their 12th Annual Sales Training Seminar at beautiful Fort Myers Beach, Florida, May 1st, 2nd and 3rd. This is a terrific learning experience. In addition to that, it is ALWAYS a great time for those who attend because the event will be held at the Holiday Inn on beautiful Fort Myers Beach! Be sure to check out the Sales Makers ad on page #17 for details.

• I just had a very enjoyable conversation with old friend, **GERRY BOWES**, the owner of the **Westbay Athletic Club** in Bradenton, Florida, one of nicest people you will meet in our industry. Tragedy struck Gerry at his club one morning a few months ago when he was working up above his racquetball courts changing light bulbs. Suddenly, the ceiling surface he was working on gave way and he fell head first 30 feet straight down. His fall was absorbed first with his arms and hands which were shattered with the impact. (54 parts were broken). Several (3 or 4) ribs were broken, the fall damaged his face and skull, injured his brain, damaged his spleen (it was removed) and nearly killed him. The first 3 days in the hospital intensive care ward had his family and doctors fearing death

for him. Today Gerry commented to me: "I'm doing better every damned day! I don't remember one second of or any part of the fall. He was hospitalized for nearly two months, 3 weeks of which were in intensive care. At least one member of his family, including his loving wife of 23 years, **Herta**, his father and his brothers, were by his side 24 hours per day 7 days a week during his entire hospital stay. During the end of his intensive care stay he awakened for about 60 seconds to find Herta, his Dad and two brothers by his side. He had a very brief conversation during which he told his family that he had "seen the most beautiful woman in the world in the hospital room at the end of his bed (it was his wife) and that God has been with me while I was away. "Gerry sounded terrific and from what he tells me his 6'3" body is now 50 pounds lighter, but otherwise he is recovering very well. God bless you Gerry!

• **Healthworks**, the Boston-based, women's-only health club chain, which recently lost a Court case in which a local male citizen sued to gain access to their **Backbay Club**, has now been able to, in effect, have the lawsuit overturned with the passing of a new law. The new law now makes it legal to have single-sex - health clubs and was passed in record time with the able assistance of Boston-based IHRSA (International Health, Racquet and Sportsclub Association).

• Word is that Columbus, Georgia-based **American Club Systems**, operators of a couple of hundred facilities across the U.S., is issuing a private placement which will be in the 8 figure range. Officials at ACS indicated that "we cannot comment at this time" but they also indicated that when they are able to formally release the details, **The CLUB INSIDER** News will be fully informed. Stay tuned!

• My former partners, **RICH BOGGS** and **RAY IRWIN**, of **The STEP COMPANY**, now have a terrific new product that they are rolling out nationwide. **BODY PUMP** is strong and I predict will have a major impact on the industry. Check out the **BODY PUMP** flyer and invitation response card on page 3 that was created by the Step Company folks. It is really humorous and embodies all of the important aspects of a great advertisement/response piece. Across North America, **BODY PUMP** is picking up awesome steam, but as usual, there are a couple of folks out there who think they can circumvent the 7 years of **BODY PUMP** experience in New Zealand by starting their own group weight training class format. Good luck to those that try to re-invent this wheel! And, for what? To save \$250 a month? Give me a break! Also, **BODY PUMP** now has a Web Site Address and in the near future will begin to provide a Club Locator on the Web Site for those who may have read about **BODY PUMP** in **Cosmopolitan**, **Vogue**, **Glamour**, **Shape** and **Self Magazine** or other publications. The Web Site Address is: [www.BODYPUMP.COM](http://www.BODYPUMP.COM). Boggs reports that they are receiving 100-200 hits per day right now from folks requesting the names of clubs that are offering **BODY PUMP**. So now, not only does **BODY PUMP** provide a great workout to service your members.... it is now beginning to provide a terrific membership sales tool with the Web page!

• It was recently reported that the **Super Show** will be moving to Orlando, Florida beginning in the year 2000, and the date of the show will be moved up to the first week in January of each year. All of this is contingent upon the completion of a proposed deal to build a new conference facility big enough to house the entire show. The move away from Atlanta is probably wise because the show had outgrown the Georgia World Congress Center and has recently been spread out to the Georgia Dome, tents in parking lots and anywhere else there is vacant space. However, the move to the new date is not exciting for the vendors because it will move their preparation time into December of each year.

• **NEHRSA** will host its annual Spring Conference and Trade Show May 11 & 12th at Tara's Ferncroft Conference Resort in Danvers, Massachusetts. For registration information call: (617) 951-0056.

• **Bally Total Fitness** stock has been trading at an all time high lately. When **LEE HILLMAN** took the helm as CEO and President, he predicted it would take some time to turn around the P&L's, but he has already quadrupled the stock price since he took over. In addition he has successfully reduced the BTF interest costs significant and he has gotten "buy" recommendations from several Wall Street financial companies. It will be interesting to see how the end of year financials turn out. After meeting Lee Hillman I would bet on his making a successful turnaround because he is very gifted in the financial world and is very determined to enforce the changes in his company culture. A healthy-civic minded Bally Total Fitness Corporation will help the industry nationwide.

• **JAKE BURKHARDT** has just taken a position with the **York Barbell Company**. Glad to see Jake with that great company that began it all. Best of luck Jake in your new role.

• **The Sports Club Company** has acquired the **Racquetball World Clubs** in Southern California and is developing more **Specrum Clubs**. It appears that the company focus is now in SoCal, but the deals to acquire the **Los Caballeros Club** and the **Gold's Gyms** have gone away.

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• **BRUCE AND DANA HENDIN'S** Racquetball Clubs of San Antonio and **The Santa Barbara Athletic Club**, managed by **JULIE MAIN**, will be honored by **IHRSA** for their Community Service. The Awards will be given at the 17th Annual **IHRSA** Convention

and Trade Show March 18-21 in Phoenix, Arizona. Stay tuned.

• **JASON CONVISER**, Vice President for **Bally Total Fitness** and **TOM COTNER**, President of **Employee Health Management, Inc.** join us as new Contributing Writers. Also, we welcome back **KAREN WOODARD**, President of **Premium Performance Training**, **BEN MIDGLEY** and **DOYICE COTTON** previous Contributing Writers, and **PATRICK PINE** to our Contributing Writer group.

• **TONY deLEED**, the owner of Atlanta's **Australian Body Works**, just keeps on cranking out new clubs! He has announced his 19th Atlanta area location in the Lenox Square area, a really hot office/commercial/residential area of North Atlanta. The 14,000 s.f. facility will open by June, 1998.

• **24 Hour Fitness (Fitness Holdings)** was recently covered in a **Fortune Magazine** article and now reportedly has 170 locations generating revenues of \$300 million. Word is that the goal is to reach 350 locations by the end of 1998 at which time they will go public. **24 Hour Fitness** acquired 10 clubs in 10 days including 3 in Boise, Idaho and several in Texas including **DAN GRANADIER'S World Gyms** in Houston, Texas

• **RANDE LaDUE**, the President of **Pro\*Fit Enterprises**, distributors of the **PACE Group Exercise Programs**, has announced the appointment of **KEVIN CAVARETTA** as a **PACE** Master Trainer. Kevin teaches a 5:30 a.m. class at Franco's Athletic Club Mandeville, Louisiana. Kevin will also be teaching Pace Classes at the **IHRSA** Convention.

• **The Work Out World** club chain has announced its fourth facility, a 34,000 s.f. former Frito Lay building. It is located in New Brunswick, N.J. and will be converted to a new club. It is scheduled to open by the end of 1998.

• **ANDREW FEARNSIDE** has been hired at Chicago's **Mid-Town Tennis Club** as a pro on the club's staff of 33 tennis pros. Fearnside was formerly with the **Riverside Club** in London, England.

(See **Norm's Notes** page 16)

# Norm Cates' **THE Club Insider** NEWS

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**...Caro**

continued from cover

Caro is arguably the club industry's most knowledgeable person with respect to the financial aspects of the club industry. Beyond that, he without question is one of the brightest minds in the business. Combine those qualities with his other habits of honesty, loyalty, hard work, excellent planning skills and his extremely deep connection to the industry, it is easy to visualize a terrific success for his new venture.

Rick Caro comments about the new venture: "The excitement for this venture comes from all who have become aware of it. Wall Street firms who are familiar with successful consolidations in other industries see this opportunity as analogous to those other success stories. Initial club ownership groups all champion the cause and are doing their due diligence in order to officially join the venture. It follows a proven formula for roll-up consolidations leaving the regional leaders in place to grow and be more significant. It also has the capability to acquire club companies who want to exit the industry. It will have the capability of offering purchase prices greater than what private companies can offer. It will be a unique benefit to be able to provide such an alternative to the club industry."

The advantages to the club groups which become involved are numerous. One is that once the groups are assembled into a national organization, the organization will have the size and annual revenues necessary to be attractive to the public market. Caro estimates that initially the new company will have revenues in the \$50 to \$60 million range. The plan is to have the merger of club groups completed by late Spring or early Summer and then to take the new company public by the end of 1998. Then, a series of acquisitions will be immediately completed in the founding regions along with the acquisition of other major players in other regions.

Club Vision Partners consists of Founder Rick Caro, who will serve as the Chief Executive Officer and Chairman, Matt Seward and Troy Taylor, who will serve as Directors. Matt and Troy are affiliated with Innovative Partners, LLC and Legacy Securities Corp., whose affiliate along with Innovative Partners, are the other co-founders of Club Vision Partners. A very well-known and respected Chief Operating Officer with substantial hands-on operating experience has also been identified. Rick has over 25 years of experience in the health and fitness club industry and knows (and is

known by) several hundred club owners across the country. Matt is a Partner with Innovative Partners, LLC, the middle-market growth strategy consulting firm affiliated with Inc. Magazine. Matt recently completed the roll-up and successful IPO of Bridgestreet Accommodations, Inc. a \$27 million consolidation in the hospitality sector. Troy is a Senior Vice President of Legacy Securities Corp., a leading middle-market investment and merchant banking boutique. Troy has completed over 50 investment banking transactions including 15 public offerings, and brings substantial "deal-making" experience to Club Vision Partners. Troy has successfully completed four roll-up/consolidation transactions, including the \$110 million complex, cross-border rollup/merger transaction for Grupo Numar, one of the largest foodservice companies in Central America and the simultaneous merger/IPO of Ambar, Inc., a consolidator in the oil services/environmental industries. Arthur Andersen & Co. and Arnall Golden & Gregory, LLP have been retained as accounting and legal counsel respectively. Arthur Andersen is one of the largest professional services firms worldwide. Arnall Golden & Gregory is one of the top corporate law firms in the Southeast.

When the company goes public the individuals who have brought their club groups into the organization will receive cash and stock for their businesses. Importantly, those that are chosen and do become involved will also be the parties that stay to manage and operate in their respective territories. The only difference is

that they will be part of a strong national company which will provide them with resources for growth and expansion through new developments and acquisitions and they will enjoy economies of scale with respect to purchasing power. The other significant impact is the sharing of "best practices among the firms."

Troy Taylor, a Principal with Legacy Securities, comments, "We have significant experience in the deal making arena. But, the single most important thing in a project like this is to have someone that really has the industry credibility and the industry contacts to know who the right players are, who the good clubs are, and knows "who's who" in the various cities. We think Rick is the perfect

guy for the role. He knows who the players are around the country who would be appropriate for this and who wouldn't."

Taylor adds, "This is a big step for club owners who have been entrepreneurs for their whole career to move on to something that is even bigger. We also think it is good for them from two standpoints: one is that as a public company they will have access to capital to grow their clubs and become a bigger player in their region. Secondly, through access to the public market they will benefit financially as the value they will receive from their businesses over a couple of years will be substantially greater than anything they could have ever achieved privately. As you know in this business it has been very tough in the private market to get much value for a success-

ful business that you have built up. Whereas now, they can get a very nice value through the public market."

Taylor continues, "The most important thing in this project is the quality of the team that we've assembled. We think that in Rick Caro we have someone who can articulate the strategy for Wall Street and can really spearhead the aggressive acquisition strategy, because that's what this takes. He will also have great support. We have also identified, though we cannot disclose who it is, an extremely strong Chief Operating Officer to handle the day-to-day, nitty-gritty of running the business. That's crucial. What Rick has done is to surround himself with some very strong financial "deal-makers."

(See Caro page 16)

## MAXIMIZE YOUR POTENTIAL

### LifeScience Technologies - the SelfCare Revolution

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**TO RECEIVE MORE INFORMATION** about this powerful new company call WPreston Fields, principal of PTH Marketing, Lic. in addition to being a Field Leader for LifeScience, Preston's expertise in the health club industry spans over 20 years and includes being an owner/operator of three 'women only' and three 35,000 sq.ft. health clubs, plus a successful club consulting firm.

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# Prospecting Plans That Create Sales

By Karen D. Woodard, President

Premium Performance Training  
(#1 of 6 in a series of articles for  
The CLUB INSIDER News)

As stated by Selling Power magazine, prospecting is the #1 challenge that Sales Managers across the states and across all industries have with their sales teams. From my experience as a club owner, sales director and consultant, I would agree and perhaps you would as well that this same challenge also occurs in our industry.

Let's look at the definition of "prospecting"....the best way to define it without using an activity would be to "search or explore with the expectation of future advancement". Well, with that definition in mind, it's no wonder that prospecting is such a challenge for most sales staff. As sales people, the majority of us tend to be oriented toward immediate gratification and

if you look at some of the key-words in this definition such as "search", "explore", "future advancement" - these words do not indicate immediate return or production. So by very nature of the definition, it makes sense why so many of us don't prospect regularly and consistently.

Other reasons that a large number of membership sales representatives don't prospect regularly include:

1. we don't know how or what to do
2. we don't see the value in it - we see more value in waiting for the call-in or walk-in versus going out and creating more business.
3. it's outside of our comfort zone - after all, when we prospect, we have to go out and inquire and/or create interest as opposed to having an interested party walk in or call us
4. we don't have a plan - in other words, we don't know how many people we need to speak to hit our goals

If these reasons sound like things you've said about prospecting, beware! for they are the trap that will wash you out of selling. They are lethal to your career in selling fitness, equipment or services in our industry because your job is to create revenue for your company and yourself not simply to wait for business to call you. Think about the reasons you should be prospecting on a consistent basis - they may just change the way you perceive prospecting.

1. create more revenues for you and the club - more revenue for the club means more club improvements, newer-better equipment, more programs, all adding up to more sales which means more income for you.
2. create consistent flow of leads to decrease any seasonal effect you may have experienced - you create a flow that occurs all year long despite "seasons".
3. allows you to target and choose the membership base you want.
4. allows you to create more qualified leads.

5. provides you with a stronger element of control in your job - you are going out and getting business rather than waiting for business to come to you.

6. decreases stress that can be associated with commission sales. The key to your enjoying all of these benefits is to prospect regularly. If you implement a simple, consistent prospecting plan - you will never have a problem hitting your numbers (unless you need more sales skills training which can be acquired through industry publications, books, tapes, role-play or seminars).



**Karen Woodard**

Your prospecting plan should combine short term and long term activities. Short term activities are those that will produce sales for us within 30 days or less and long term tend to produce in 30 days to 2 years. Long-term activities include developing new corporate accounts,

physician referral networks or any type of group sales. The timing of these activities is also critical in creating your plan. An example of the importance of timing: if it's the 20th of the month and you're not on target to hit your goal, setting up a new cor-

(See Woodard page 9)



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| Salutation: Ms.       |  |                      | 12 Feb 1998                          |
| First/MI: Darlene     | L  |                      | Phone                                |
| Last Name: Kerrick    |  | Member Number: 1     | Mail                                 |
| Phone Numbers:        |  | Source: Yellow Pages | Fax: 954-796-9007                    |
| Home: (954) 796-9007  |  |                      | Work Phone/Ext: (954) 796-9007       |
| Fax: (954) 796-9010   | Category: Member   |                      | Cellular: (954) 796-1004             |
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|                                 |  |                        |
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| ORIGIN: Yellow Pages            | HEALTH: Diabetic Stress                | OBJECTION: Convenience |
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**History Log:**

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- Thu Feb 12, 9 Phone Contact
- Thu Feb 12, 3 Tour

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**...Woodard**

continued from page 6

porate account would not be wise. It might initially be tempting because of the allure of being able to sell 10+ memberships in one fell swoop, however, these decisions usually will take 30 days or more. Instead, you would want to implement several short term tactics to produce sales over the next 10 days for you to hit or exceed your goal.

Short term activities include referral work such as accessing your network of member producing members, passes in classes, calling all of the members you got started in the previous month to welcome them and remind them of your referral program and who you could call for them, staff referral programs, lottery promos, etc.. Short term also includes prospecting activities such as take ones, table tents, pizza box promos, strong follow-up to create urgency with all leads (hot and not so hot) combining calls and mystery mail, canceled-member- conversion- programs, corporate corner in your club, monthly contact with current corporate accounts to get additional business, movie theater blitzing, daycare drawing programs, the rule of ten, etc. These activities are but a short list of all the low cost ways you can create more leads for yourself. (Notice that mass direct mail, newspaper and radio advertising are not included because the assumption is that these are activities the marketing department performs.) In creating our prospecting plans, the activities are things you will do and don't always require budget approval.

Now that we have a list of ways you can prospect, the next step is to create your quarterly plan. The reason we are looking at a quarterly plan is that we want to combine short and long-term activities that take some planning and mapping out to become reality. The formula I've developed to do this is to determine how many memberships you want to sell over a three month period. Once you know this number, take those three months and break them down into single months and plan out each month on a weekly basis. Plan on five weeks per month. Plan 2-3 activities for yourself each week that will generate leads combining your short and long term lists keeping in mind that all long-term ac-

tivities need to start at least 30 days before you expect to see a return. You will have activities that you repeat on a weekly if not daily basis but the idea is to combine multiple activities to produce multiple layers of leads for yourself. (send a S.A.S.E. for a free copy of a Prospecting Planner and Tracker)

Once you have your initial plan completed, get together with your sales director and have she/he review it for three reasons: 1.) to make sure that your timing for each activity is appropriate, 2.) that you have a balanced plan i.e. that you're not overloading yourself or con-

tivities.

If you've ever experienced the frustration or perhaps fear of not hitting your membership numbers then creating a strong prospecting plan and following through with the implementation will soon eliminate those feelings from your career. As we've all heard many times, success in selling is a function of numbers. Sure, we need to have strong sales skills as well but even sales staff who are very strong at closing will not succeed if they are not talking to enough people. By implementing a well rounded

prospecting plan it will enable you to talk to enough people to guarantee an increase in your sales production.

(Karen D. Woodard, President of Premium Performance Training and international speaker and author provides books, tapes and seminars on successful sales, service and management training for the health and fitness industry. Karen's address is: Premium Performance Training, 279 Pearl St. Suite 15, Boulder, Colorado, 80302. She can be contacted by phone at (303) 417-0653.)

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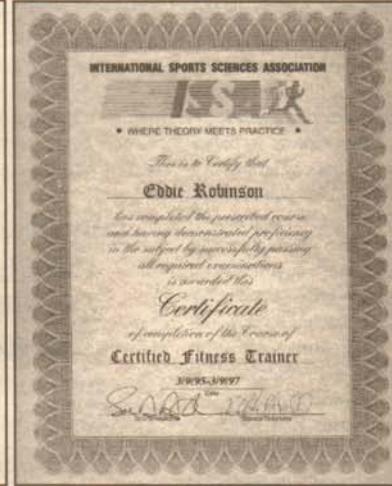
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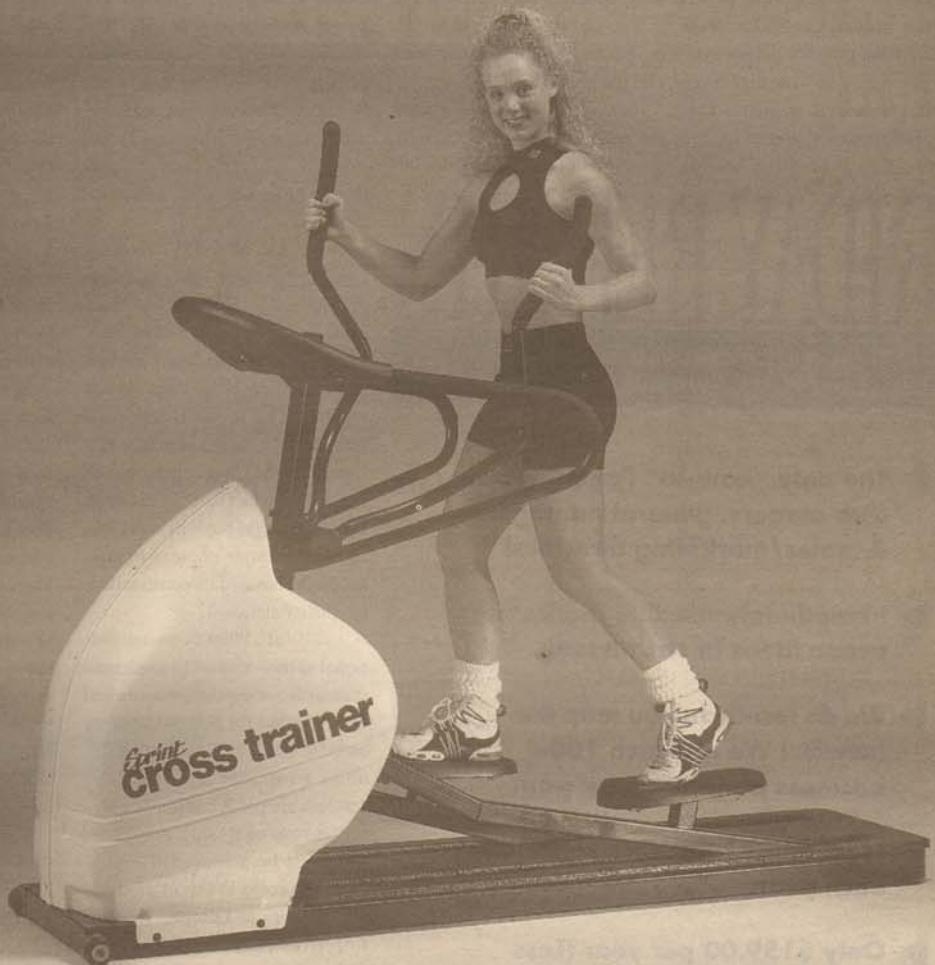
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# NFTA: National Fitness Therapy Association "Understanding The Opportunity"

By Patrick Pine

The National Fitness Therapy Association (NFTA) is a non-profit trade association serving the owners, managers, suppliers and developers in the health, fitness and wellness industry. NFTA was formed for the primary purpose of establishing and monitoring baseline operational standards for health, fitness and wellness facilities providing preventive health

care services and post-rehabilitation fitness therapy programs. Its founders are health club owners, managers, fitness professionals, wellness consultants and health care professionals from the health, fitness and wellness industry. They have formed NFTA to establish a uniform set of operational standards for the delivery of these services to corporations, insurance companies and the general public.

In order to understand the value and the need of NFTA accreditation at the health club

industry, we must first take a look at what is happening in other industries. If we (the health club industry) want to be recognized as a player in a legitimate industry, we must understand the system and what is driving it. In other words we need to "step out of the box" to see what's going on in the real world. Change is the word of the future. A wise man once said, "The only thing certain about change is change itself." Other key words that will take us into the next century are accountability, quality and product differentiation, performance evaluation and accreditation.

The May 1997 issue of Lakeland Boating contains an advertisement for Sea Ray, one of the premier U.S. boat manufacturers. The ad proudly proclaims above a picture of one of its plants in operation: "This is one of only eight boat plants in the world to earn ISO Certification." This company—with a quality product that can easily be marketed on the basis of style, features, or lifestyle—chooses to market on the basis of its certification, its quality standard.

ISO 9000 is an international series of quality assurance standards set by the International Organization for Standardization, based in Geneva. Certification signifies a company's products and services are produced under a prescribed set of quality standards, and must be achieved if a U.S. company seeks to export products and services to Europe. In addition, Australia, New Zealand, China, Japan and most of southern Asia have also adopted ISO standards.

In general, such a certificate of compliance indicates that a company has documented how workers perform every function that affects product and/or service quality and has installed mechanisms, systems, and procedures to ensure compliance. Internal teams verify that procedures are being followed in several different areas, including product design, process control, purchasing, service, inspection and testing. Periodic audits demonstrate ongoing compli-

ance.

## HEALTH CLUB REALITY CHECK

How is this related to the health club industry? In an emerging, competitive environment, the evolving industry must look to other industries to understand the change process. We have all heard the phrase "Making the health care connection..." What does it mean? How do we make that connection?

Why do we want to connect with the health care industry? To answer these questions we need to look at the health care industry and understand the system and what is driving it. As health care approached 14% of the Gross National Product, the quest for cost containment began to drive market forces to demand differentiation and a basis for justification of value to dollar spent. Hospitals closed as the extent of excess capacity became apparent. HCA/Columbia, Tenet and HealthSouth became household words. Not-for-profit hospitals regionalized and became joint ventures and alliance partners. Catholic hospitals began to establish closer ties and system integration.

As the Health Care Finance Administration (HCFA—the regulatory body for Medicare reimbursement) redefines Medicare's scope and limits its historic growth, as business and industry demand cost savings, as managed care continues to show a harsher side of pricing and reimbursement, and as health clubs try to distinguish themselves in a very competitive market, accountability becomes the mainstay of survival. The tattered defense that cost cutting would imperil the quality of care finally succumbed to the reality of the marketplace. The truth became



Patrick Pine

apparent: A bloated industry with excess capacity (beds) and an overabundance of specialists was about to experience the rigors of downsizing. Thus, when health care realized it was not immune from traditional market pressures, senior executives began to search out and utilize the economic tools of other industries: alliances, product expansion, marketing, targeted advertising, and system integration. Every health care dollar was being squeezed, contested by a rigorous, competitive environment.

## A COMPETITIVE EDGE

Initially, the struggle had been waged mainly on the basis of price. However, as consolidation and cost cutting continued, a new phase emerged centered on quality and product differentiation. Looking at other industries helps to define key quality indicators. "Today, ISO 9000 certification is rapidly becoming a competitive factor," says Edwin B. Dean, NASA Webmaster, in the NASA Web Site. "The impetus for ISO certification in the U.S. came from the desire to sell products in Europe, which has been the forerunner in requiring ISO 9000 certification as the basis for its quality system and the quality system of

(See *Patrick Pine* page 13)

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## ...Patrick Pine

continued from page 12

its suppliers."

Health care credentials and accrediting bodies have begun to adjust to his market shift. The mission and goals of our most established health care accreditors have changed. The process has a new audience: health plans. JCAHO President, Dennis S. O'Leary, in the 1996 Joint Commission Perspectives, explains: "These health plans are telling individual provider organizations that performance evaluation begins with accreditation. Accreditation is a ticket to play."

### JCAHO

The Joint Commission on Accreditation of Hospitals (JCAH—the regulatory body for hospitals) became the Joint Commission on the Accreditation of Health Care Organizations (JCAHO) because the audience demanded a review of health care providers, not just hospitals. "Suddenly, we are

sensitized to the fact that there are hundreds of thousands of practitioner offices out there about which we know virtually nothing. Fewer than 20% of all provider organizations are accredited by anyone. Further, the tools that we have to measure performance in this new environment are, at best, incomplete, and many of the new performance measures that do exist have undergone no testing whatsoever," O'Leary says.

Furthermore, competition jostled the Joint Commission into changing its standards of measurements commensurate with market demands. The challenge was accepted, O'Leary says, "The third pillar will be the capability to evaluate, in a substantive fashion, all levels of the delivery system, from the individual practitioner's office to the complex integrated delivery system and thereby be able to provide reassurance to the public about the quality of care being provided."

### CARF

Even more important

at the present time is voluntary accreditation that looks at targeted health care specializations such as the Commission on Accreditation of Rehabilitation Facilities (CARF—the accreditation body for the rehabilitation industry). Through its early development CARF fought a long series of battles with other national organizations to keep its independence and to demand that rehabilitation meet the highest of national standards. Chris McDonnell, national director for medical rehabilitation, who has been active in the leadership of CARF and standards of accountability, says, "Accreditation is a necessary tool as a business strategy, as a management tool, and as a quality strategy.

Accountability is a key issue in health care. CARF is endeavoring to meet the challenges begun by health care debates of the 90's by developing scorable standards, public disclosure and more accountability."

CARF has been very successful in being identified as the baseline standard for reim-

bursement by insurance companies, managed care organizations (MCO's) and government agencies. Myriad bodies require CARF accreditation before authorizing payment. The state of Texas has established a two-tier system that pays non-CARF accredited facilities 20% less in pain programs, occupational rehabilitation programs, and outpatient therapy services. Many states and MCO's will not authorize payment for rehabilitation unless a facility is CARF accredited.

McDonnell believes that national case management companies are accelerating the need for CARF. "If you have a national case management company in Washington state negotiating with a provider in Kentucky, the fact that a facility is CARF accredited answers the first 25 questions. The facility has a medical director that is familiar with rehabilitation, has outcome information, and has written permission criteria." Jayne Matchinski, vice president of Murer Consultants, echoes the theme. "We have developed 12 Comprehensive Outpatient Reha-

bilitation Facilities (CORF) in the Florida market, and in our discussions with managed care organizations, the need for CARF is usually a requirement for entry."

### ACCREDITATION COOPERATION

Recently a cooperative accreditation initiative between JCAHO and CARF was announced. The JCAHO and CARF survey (accreditation process) can occur simultaneously, thus eliminating the need for two separate survey preparation efforts. The two survey teams work together to conduct certain survey activities; however, separate accreditation decisions continue to be rendered, based on the standards and decision-making processes of each body. NFTA is currently talking to CARF about working together as we expand the accreditation process into preventive health care services and post-rehabilitation fitness therapy programs.

The baby boomers are having a major impact on accreditation. (See *Patrick Pine* page 25)

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# EXAMINING THE CIRCLE

By Ben Midgley

**E**xamining the circle refers to the Golden Circle which is a system used to develop strong customer service skills, lasting relationships with your members, the highest quality referrals and customer loyalty and satisfaction. Seems like a lot for one very simple system to provide and it is. It requires salespeople to put in an above average effort and to have a heightened insight as to what sales is really all about.

The premise on which the circle is based is human nature. The objective of the circle is to transform a health club's everyday sales system into a well orchestrated sales experience for all prospective customers, which continues long after the sale has been made. In essence it is re-thinking the entire sales process. Disregarding the outdated and ineffective and adapting the entire new sales experience to the wants and needs of a more evolved buying public is the key. It is one that is solely from the needs of someone who is buying at a health club.

First let's look at why selling is currently the way it is. Originally in the health and fitness business there was no structured "way to sell" and in light of that, sales systems in the fitness industry were adopted from other industries. For reference, we will call those systems 'traditional' sales systems. The traditional sales systems were put to work in our industry along with the wants and needs of our members, without any consideration of whether the two were compatible. This led to many years of confusion and different methods of how to sell because nothing has ever really worked consistently industry wide that didn't involve 'specials'. This led to the problem with sales systems to this day: they categorize or stereotype people and everyone knows that stereotyping is inaccurate and misleading because people all have their own personalities.

Time and time again, however, three things stand out as far as what customers want from a salesperson. They want a salesperson to be sincere in his efforts, they

want a salesperson to truly understand their concerns and they want to be able to trust the salesperson. These three things above all are important in selling. These three things are why the Golden Circle can provide you with lasting sales success.

There are four parts to the circle and the first part of the circle is making the initial Sale. The first step in making the sale is realizing what is going through a customer's mind when they enter a health club. Things like intimidation, self consciousness and a feeling of not knowing where to begin are typical. Other thoughts include wanting to feel comfortable with the environment, will I get the help I need and smaller concerns such as price, location, appearance. After your team identifies the most important concerns of the customer, consider how we meet the needs of the customer with our sales approach and as opposed to how do we meet our need of making the sale. Then your next step is to totally re-design your sales experience based on the priority needs of your customers. If you sell based on their needs you greatly increase your odds of making the sale. After you have designed your new sales experience, begin to sell, focusing all of your efforts on the customer. This system will allow you to sell more effectively because it was made for prospects who are educated consumers who expect and demand an emphasis on service after the sale. Creating and fully implementing a whole new sales system does take some time, but it will result in more effective selling and it will be worth your effort.

The second stage of the Golden Circle is Service. After making the sale the salesperson should not attempt to get a point of sale referral, but rather try immediately to service the new member. Point of sale referrals are a fast way to damage the new relationship you have begun with the member. Point of sale referrals clearly say to the prospect "I just got your money, help me get your friends." If you are willing to take the risk of damaging this relationship in its infancy, you are thinking short term or transac-

tional when the future of health clubs is heading toward being relationship oriented. When the salesperson begins to service the member right from the start, three things happen: (1) You are reaffirming the new member's new found confidence in your service by attending to his needs personally. (2) You are letting him know that you are concerned about his experience with your facility and you want to know if anything is wrong or could be better. (3) You are establishing yourself as his resource person if he should ever need anything. This role will provide you with many rewarding opportunities over the term of each membership.

The third stage is the Relationship. Remember from your initial contacts with your new members where you learned as much as you can about them, such as where they work, any information about their family, their hobbies, their sports, their church, their likes and dislikes. This information should be gathered by you beginning with your first contact and throughout your effort to sell and service. This personal information about your members and prospective members is the TRUE KEY to membership prospecting and selling. As you are out and about in the club establishing yourself as the member's resource person, use your recollections about the member's personal life to add a few personal touches to your communications with each member you run into. Personal touches like "How are things at work?", "How's the family?", "How's the dog?", "Did you buy that new car yet?" Anything you can think of to personalize your interaction with members a little more will be to everyone's benefit. It will benefit the member because all members love to be known individually by the people that work at their club. This gives the member more of a social attachment to the club in addition to being attached to the club for health and fitness benefits. The extra attachment to the club will benefit the club as well, because the more loyalty your customers have to your club the more revenue your club will generate from those members year after year. Revenues from continued

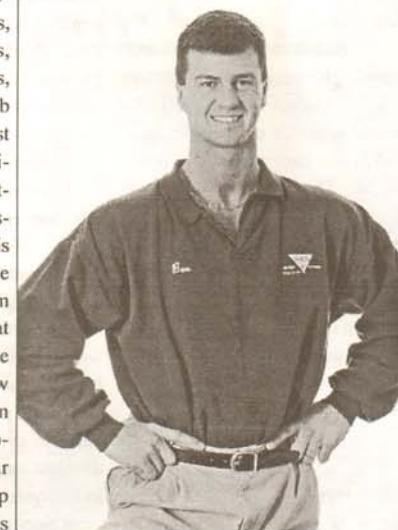
dues payments, referrals of new members, pro shop purchases, snack bar purchases, investments in club programs and the list goes on and on. Finally, it will undoubtedly benefit the salesperson to put forth this extra effort because the referrals from your members will, at a minimum, triple once they realize how committed to them you really are. By doing this on a regular basis you will develop strong relationships with your members and you will have es-

tablished a Win, Win, Win situation, good for the member, the club and the salesperson.

The fourth step in the circle is the Referral. The patience you have shown by getting to know and servicing your new members and building relationships with these members will be well worth your effort. Conducting your sales practices in this manner shows your members the type of consistency and sincerity not seen in many of today's businesses. It establishes beyond a shadow of doubt your credibility and commitment to your job (two rare qualities). It is at this juncture that the referral will come almost effortlessly. By giving of yourself to your members and being there for them, they will want to be there for you in return. Generosity breeds generosity. You can feel confident about asking for a referral now because the relationship is solid and you are not risking giving the member the wrong impression.

In all honesty, if a salesperson has followed all these steps, it would be a rare occasion that he/she should actually have to ask for a referral because members will begin to provide them to you spontaneously. Once you receive a referral of a new member, begin again at Step One with the new customer and work the Golden Circle over and over again.

The Golden Circle can



**Ben Midgley**

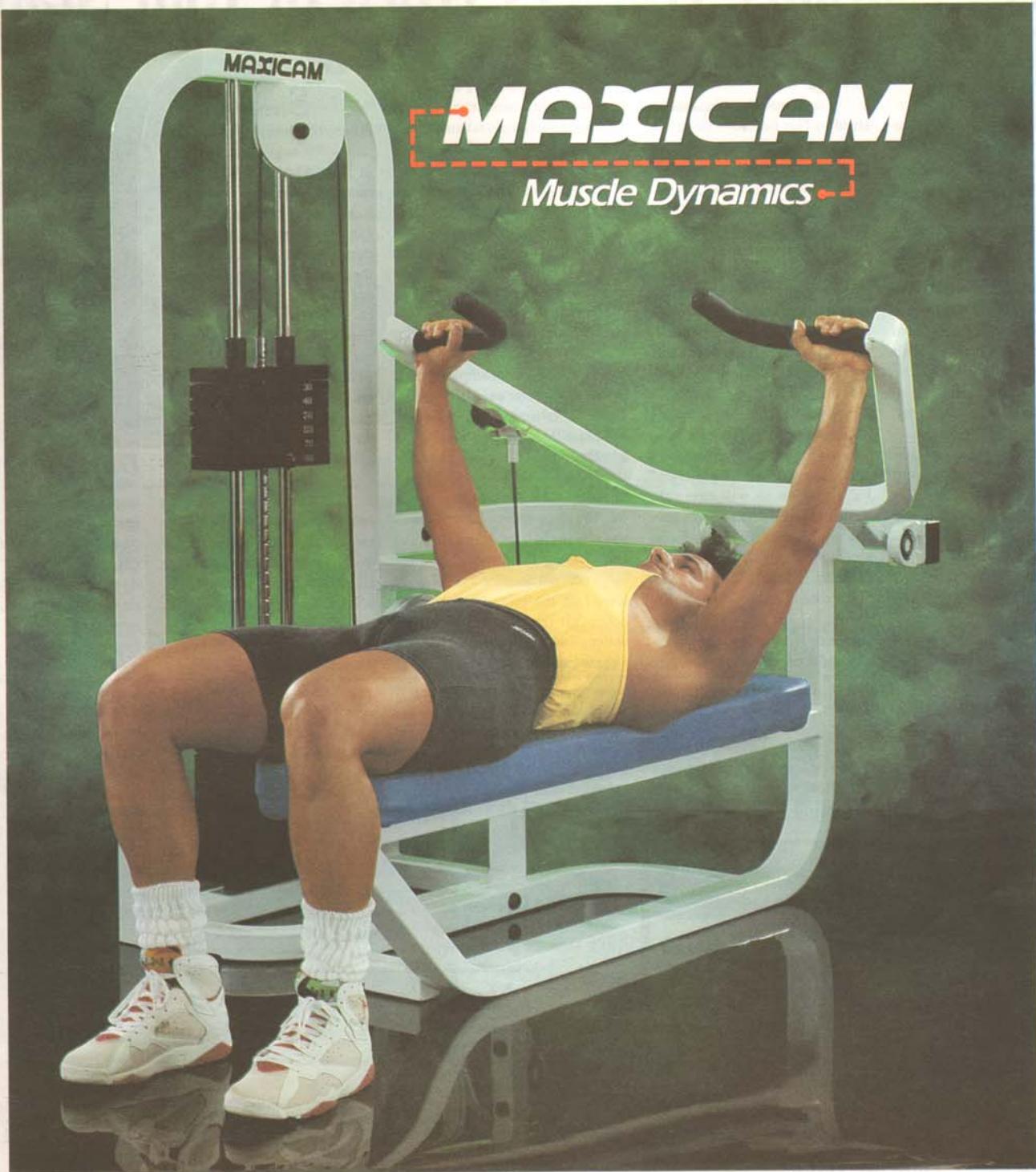
also be used with existing members. For example, if you have two thousand members and you can make the time to get seven hundred and fifty circles working and you get just one referral per member per year from your circles, that is seven hundred and fifty referrals! More than most salespeople will get in two years. If you sell one third of those referrals you will have two hundred and fifty members from referrals. Add in your day-to-day sales from walk-ins, phone calls, etc. and you will be selling six to eight hundred memberships a year if you apply yourself and stick carefully to this Golden Circle system.

The last, and a very important point I would like to make, is that the quality of a referral obtained from the Golden Circle system is far superior to a point of sale referral. You will have a minimum of eighty percent higher probability of signing the Golden Circle referral as opposed to those reached from a point of sale referral. Let's compare the two methods:

## *The Point of Sale referral.*

**PROS-** You have a name and a phone number. You have an offer of a free week pass. You can say their friend gave you their name when you call.

**CONS-** Chances are the referral doesn't even know their (See Ben Midgley page 18)



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# Waivers and Releases... Will Liability Waivers Work In Your State?

By Doyice J. Cotten

**T**here are many misconceptions about liability waivers and their effectiveness in protecting club owners, employees and independent contractors from liability for negligence. The fact is, however, that in at least 44 states, a well-written, properly administered waiver signed voluntarily by an adult will protect the club owners, employees and independent contractors from liability for injuries caused by their own negligence.

## Classification of States

**B**ased upon about 500 sport-related waiver cases from throughout the United States, the author has placed each state into one of four categories (Rhode Island, New Mexico and North Dakota are not categorized because no sport-related waiver cases have been found in those states.) The categories are Not Enforced, Rigorous, Moderate and Lenient. The reader

can see how his or her state is categorized from the map shown on this page.

States that are categorized as Not Enforced do not allow waivers to protect parties from liability for their own negligence. For instance, the Supreme Court of Virginia has stated very clearly that such agreements are against public policy and thus not valid in that state. States categorized as Rigorous have very stringent standards that must be met if the waiver is to be considered valid. One such standard is a requirement that the waiver specify that the waiver applies to the "negligence" of the provider. Thirteen states either require or very strongly urge the inclusion of the actual word "negligence."

Failure to do so will cause the waiver to fail. Lenient states have few requirements for an enforceable waiver and/or the courts in these states take a favorable attitude toward waivers when they are challenged in court. Moderate states fall between the Rigorous and Lenient states in degree

of rigor required in the construction of the waiver.

The reader is cautioned however, that a waiver can protect in at least 44 states — even in those with rigorous standards. Further, the reader should realize that not all waivers are upheld even in the Lenient states. How the waiver is written, how it is administered and the circumstances involved in the situation all help to determine whether the waiver is effective in protecting the club owners, employees, and independent contractors.

A good example of this involves a waiver used by the U.S. Cycling Federation. In two cases (Okura v. U.S. Cycling Federation and Buchan v. U.S. Cycling Federation) the waiver was upheld and protected the defendant from liability. The same waiver, however, was not upheld in Bennett v. U.S. Cycling Federation. The injury occurred because a car was allowed on the bike route and the court felt that the signer of the waiver had not contemplated such a hazard when he signed the waiver.

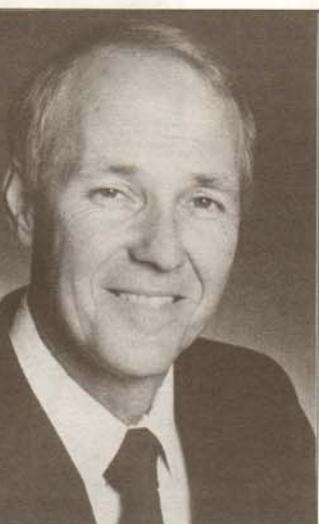
put together a very strong team. We think we have a "dream team" where each party brings its own expertise to the project. None of us on our own would be successful. Rick, with all of his terrific contacts, relationships and knowledge without deal makers as partners, wouldn't be as successful. And we, as deal-makers, wouldn't even be getting a start without someone like Rick to figure out

who the right people are. We are really excited!"

Caro expects to add two to three new regions to the initial

## Conclusion

**S**ince waivers can protect against liability for negligence in at least 44 states, club owners, employees and independent contractors can generally gain additional protection through their use. While they are not "foolproof," they can be very effective. It is important that club owners, employees and independent contractors know the waiver law in their state and gain the knowledge to construct an effective waiver.



**Doyice Cotten**

(Dr. Cotten owns his own business, Sport Risk Consulting. His book, *Waivers & Releases for the Health and Fitness Club Industry* is available for \$18.95, including shipping. It includes a summary of waiver laws in each state, 2) useful guidelines for writing waivers,

and 3) suggestions for administering waivers. He may be contacted at 403 Brannen Drive, Statesboro, GA. 30458; PHONE: (912) 764-4848; E-mail: [doyicej@gsaix2.cc.gasou.edu](mailto:doyicej@gsaix2.cc.gasou.edu). He also has an even more comprehensive book available, *Legal Aspects of Waivers in Sport, Recreation and Fitness Activities.*)

4 to 7 that begin the venture. He also envisions the regional growth to be in the neighborhood of 4 to 6 new or acquired clubs per year per region- or 35-40 clubs added nationally per year.

Typically, a consolidation firm of this type will reach \$200 million in sales within 3 years and \$400 million within 5-6 years. It could become the largest firm in the industry.

The key to the entire

plan will be the speed with which all of this will take place. The assemblage will happen and boom — the public stock offering will be made shortly thereafter. With Wall Street involved and with the management team of Caro as CEO and others with whom Caro has long been associated through his development of IHRSA, this company will truly be doing something that the industry has only to date talked about - it will be truly consolidating the club industry.

## Norm's Notes

continued from page 4

• New York-based Town Sports International has added 12 new locations to their group with 10 acquisitions and 2 new clubs since they raised \$100 million last fall. The clubs were in Connecticut, Virginia, New York and Massachusetts.

• The WellBridge Company which is owned by the giant Monsanto Corporation is beginning to add clusters of 3 to 4 clubs in the 30,000 to 45,000 s.f. range in St. Louis and in Texas. They are also investing \$2.5 million in training programs for their staff.

• Cooper Fitness Centers are now expanding after all these years with the addition of a new facility in Vero Beach, Florida. It is reported that they are also looking at sites in San Antonio, Texas and in Switzerland.

• Fitness First, a club chain based in England which went public when its revenues reached \$9 million annually, is now adding one new club per month! The company went public on the AIM in England (The Alternative Investment Market).

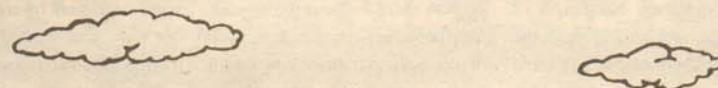
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Jennifer and CEO, Jill Shepard Hobson (right) and an International Operations Director, Debbie Hobson (left)

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**...Ben Midgley**

continued from page 14

friend has joined a health club by the time you call. There is no positive endorsement from the friend. The referral may not want a call from the salesperson. You risk hurting the relationship with the new member you just signed by asking for the referral before you know them and have established a relationship with

them.

**The Circle referral.**

**P**ROS- Name and number. A strong relationship with the member. No danger of hurting the relationship with the member. The member will most likely have already mentioned the club and you to their friend because when people find something

good they naturally tell others. The new member will gladly give a strong recommendation to their friend. The member will usually personally introduce their friend to you and the club or at least will prepare them for your phone call. You come across as much more than a salesperson. You come across as a valuable resource.

CONS- None.

That's really the way it works. You don't need control or closing scripts or limited time offers to sell your memberships. You need to make real friends of your customers by treating them the way you would like to be treated. You need to work smarter and establish real value to membership at your facility. I promise if you work with The Golden

Circle as a basis for your membership selling it will bring greater results than you've ever experienced.

(Ben Midgley is the 1995

IHRSA Salesperson of the Year, Sales and Marketing Manager for Saco Sport & Fitness and an international sales presenter and consultant. Ben can be reached at (207) 284-5953.)

# MEDX ANNOUNCES THE MEDX STRETCH FLEXIBILITY TRAINING EQUIPMENT

**O**cala, Fl.- A good stretch can be hard to find, but not if you have the new MedX Stretch. This breakthrough machine, developed with feedback from athletes, trainers, engineers and doctors, enables proper stretching technique and provides an assisted stretch without a partner as well as objective quantifiable results for testing, goal setting and most of all, positive reinforcement.

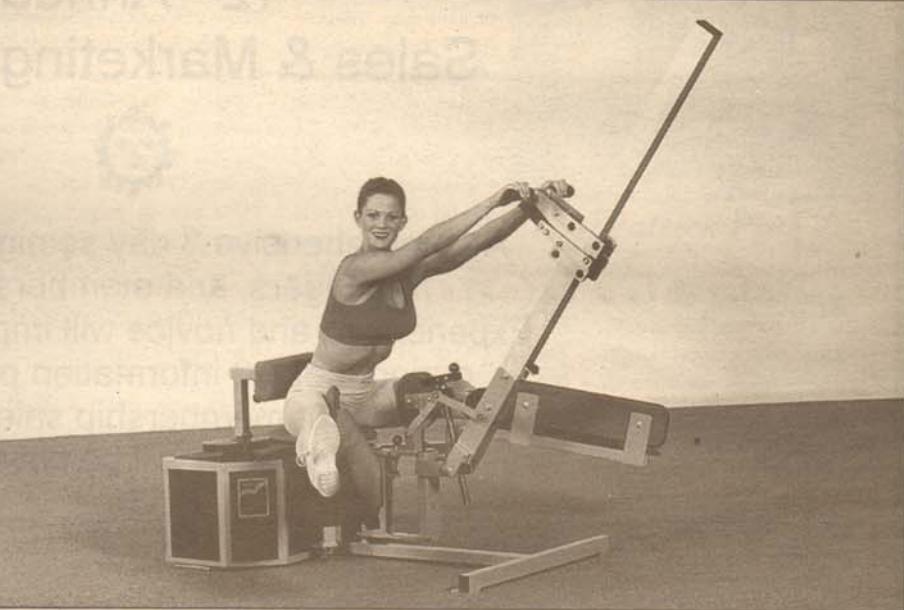
Medical and exercise research shows that stretching has many benefits including injury prevention, increased range of motion, improved mobility and agility, improved posture, enhanced athletic performance and decreased muscle soreness after physical activity. Additionally, lack of flexibility in the low back and hamstring area is one of the major contributing factors to the millions of Americans who suffer from chronic low back pain. Many prominent physicians and researchers feel that maintaining a youthful range of motion is the true fountain of youth.

Traditional floor stretches are often done incorrectly and can prove to be counterproductive or

even dangerous. The MedX Stretch ensures proper stretching technique which is critical for safe and effective flexibility improvements and eliminates common errors made in stretching technique.

The MedX Stretch machine is the only flexibility training device capable of stretching the musculature of the upper and lower back, hips, shoulders, and hamstrings. "The Stretch is the safest, most effective way for individuals to improve their overall flexibility," said Jim Flanagan, Director of Sales for MedX. "Athletes and trainers can both objectively quantify flexibility improvements and see and feel the benefits that stretching has on athletic performance and injury prevention."

Whereas strength training is readily measurable by the amount of weight lifted, flexibility has been inherently difficult to measure. Unlike easily observed gains in muscle mass, improvements in flexibility are usually more subtle but equally dramatic. Using the direct measurement capabilities of the MedX

**MedX Stretch Machine**

Stretch, individuals can see their own improvements. "People are more motivated from one session to the next because they can objectively see the improvement in flexibility from their stretching activities," says Jim Flanagan.

Physical fitness is described as a tripod with the three

legs being strength, endurance and flexibility in equal portions. While fitness equipment manufacturers have done an outstanding job on developing products for strength, endurance and cardio-respiratory fitness, MedX has ushered in the era of "Flexibility Training" with the introduction of

the Stretch.

MedX is headquartered in Ocala, Florida. MedX strength training equipment is the premier low-momentum, virtually maintenance-free fitness equipment for health clubs. Additional information on MedX can be directly seen at [www.medxonline.com](http://www.medxonline.com).

## ...Benfield Group

continued from cover

day management to Reynolds and Sewing, both long-time consultants at The Benfield Group.

"It's very hard to let go of something you have built that represents you and your heart and soul and so many years of your life. And I couldn't - I wouldn't even consider it if I weren't confident that these two professionals could carry the firm forward," said Bensky. "It also helps to know that we will continue to col-

laborate, partnering The Benfield Group's objective consulting services with TBG Development's development, financing and management capabilities."

"Because we have spent the past year leading The Benfield Group, we anticipate the change in ownership will be seamless to our clients as we continue our history of uncompromising service," said Sewing.

"We believe our joint leadership will work well for our clients, with each of us sharing the firm's overall management, while continuing to lead our respective specialties and pursuing the many

emerging opportunities on the prevention and wellness end of the healthcare continuum," said Reynolds.

As thought leaders, The Benfield Group has trademarked the term Integrated Lifestyle Management™, an applied health management approach which integrates clinical and prevention/wellness concepts. The 22-person firm has completed more than 450 consulting projects involving Integrated Lifestyle Management™ and other health and wellness issues since its founding in 1989.

Terms of the sale were not disclosed.

# THE Club Insider<sup>®</sup> NEWS

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# HELPING MEMBERS SUCCEED

By Tom Cotner

Why do clubs attract only ten percent of local citizens to their clubs? Why is it that only ten percent of Americans exercise at the level recommended for good health? Why do fifty percent of new members quit using the club within six months? Why do we need to continually sell and re-sell memberships? Is there anything we can do to prevent members from dropping out? What can we do to help our members succeed? These are the questions I'll be addressing in **THE CLUB INSIDER**'s new *Helping Members Succeed* column.

My first job in the health

club business was as a Fitness Director in Missoula, Montana. I was a fresh college graduate, excited about our business and enthusiastically trained members in the use of our brand new Nautilus equipment. I cared about each of them and was very thorough in my training.

Two months after I began my job, I decided to look through our member's workout records to see how they were progressing. Shock! Many worked out once or twice after our initial session, some a week or more. Few stayed with it. Why?

As the Fitness Director of the Montana club, I didn't know or understand the many obstacles people face in becoming fit. I had exercised since age 13 and thought everyone would like exercise as

much as I did. I was also young and naive. I couldn't relate to being overweight, a back injury, or the effects of aging on our bodies. Sixteen years have passed since my first job in our business. I've been through the "crucible of hard experience" and now know professionally and personally that for most, starting and continuing an exercise program is very difficult. Preparing people for their exercise journey requires much more than an initial introduction to an exercise program by a young, enthusiastic trainer.

In this month's column, I'll address one of the greatest obstacles to exercise: "the critical moment." The critical moment is the crucial time when members decide "to use" or "not to use" our club. There are many factors that impact the critical moment: a member's energy, emotions, stress, exercise experience, work deadlines, pressures at home, etc.

Many of these are outside our control. So what's a club professional to do? The answer? Prepare our members beforehand for the critical moment. Give them the tools to make a decision that's in their best interest. Follow these steps:

**STEP 1:** Determine when the critical moment will occur. Begin by determining the member's exercise schedule. We often overlook this because it's "common sense." I'm surprised by the number of new members who have given no thought to the question "When will I exercise?" Let's help our members clearly think out the days and times they will exercise so they can specifically say "I will exercise Mondays and Wednesdays at 5:00 pm and Fridays at Noon." Now we know when the critical moment will occur.

**STEP 2:** Determine the obstacles that inevitably occur during the critical moment which increase the likelihood that members will choose not to exercise. List all of the obstacles you can think of on a piece of paper and have the member check off the

ones that apply. Obstacles come in two categories: Schedule and Personal.

Schedule obstacles might include: 1) it's hard to get out of bed in the morning, 2) I get to bed too late the night before, 3) interference from others with morning preparation, 4) not enough time at the noon hour, 5) too difficult to get work attire on (make up, etc.) after a noon workout, 6) too tired after the work day, 7) too full after the evening meal, 8) like to watch TV at night, 9) lots of evening meetings, and 10) exercising late at night causes insomnia.

Personal obstacles include: 1) not enough time, 2) exercise is boring, 3) exercise aggravates injuries I have or causes pain, 4) I'm embarrassed to be seen exercising, 5) lack of family support, 6) lack of peer support at work, 7) lack of personal energy, 8) lack of motivation and discipline, 9) I don't see results when I exercise, and 10) I'm exercising for someone other than myself.

The obstacles are identified. Discuss each one with your member. Will a different exercise schedule create fewer obstacles? How can the obstacle be reduced or eliminated? What "plan of attack" will be used for each of them? For example, if the member is "embarrassed to be seen exercising," assure him that his self-consciousness will disappear after a few workouts and ensure a trainer is with him during their initial sessions. Encourage your group exercise instructors to wear loose fitting clothes so their class participants will feel less intimidated by "body image." Have the new member "buddy up" with another for added support. Be creative. Each member is different and if you take the time for discussion, you will increase your chance of winning "the critical moment" battle.



**Tom Cotner**

**STEP 3:** Help your members understand that the difficulty they experience during "the critical moment" only lasts a moment. Once they begin traveling to the club, 99 percent will walk in the door and complete their exercise session. They're in motion. They've jumped the first hurdle...deciding to come. Most of the obstacles disappear because the decision to exercise has been made. Once we jump this first hurdle (from rest to activity) we're on our way.

This, I think, is a major difference between exercisers and non-exercisers. Exercisers have learned.... somewhere.... somehow... to use "the critical moment" to their advantage. I believe this ability is cyclical. The more often we use the critical moment to our advantage (by exercising) the more likely we'll do this again next time. Likewise, the more often we allow obstacles to detour us, the less and less active we become.

Let's help our members use "the critical moment" to their (and our) favor by using these steps. Soon the "critical moments" will become less critical as our members become habitual club users. Our member's satisfaction, club retention, image and reputation will improve as well.

(Excerpts of this article are taken from the book *Helping Members Succeed* by Tom Cotner; published by Employee Health Management, Inc., a consulting firm specializing in worksite health and safety and club membership retention. Contact Employee Health Management at: (605) 692-2071.)

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# WOMEN'S ONLY CLUBS: THE REASON AND NEED

By Rande LaDue

In a recent article in CBI Magazine, John McCarthy, Executive Director of IHRSA addressed the issue of Women's-Only Clubs. IHRSA estimates that there are approximately 2,000 women's-only fitness centers in the U.S. serving approximately 2 million women. McCarthy cited research done for

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IHRSA by Dr. Christine Brooks, of the University of Michigan's Fitness Research Center, which indicated a variety of reasons large groups of women did not use coed facilities: especially for the huge segment of deconditioned women who are in the most need of regular exercise but have the most anxiety about beginning.

We at Pro\*Fit Enterprises could not agree more! We know that intimidation is

perhaps the #1 reason why the overweight/deconditioned woman does not join a coed facility. That appears to be a major reason that the majority of our sales of The PACE Group Exercise Program™ are sold to Women's-Only or to coed clubs using PACE as a separate program for the deconditioned markets.

One such customer of ours, Anita Miller, from It Figures! Fitness for Women, was so impressed with the PACE Program that she became an Independent Sales Rep for Pro\*Fit Enterprises to sell PACE in four Mid-Western states along with her It Figures! Licensing Program. "I have been in the fitness and weight loss industry for many years and know about the intimidation factor. I have never seen a program that appeals to the decon-

ditioned and offers the results that PACE does. PACE drastically decreases body fat while increasing muscle strength, thereby increasing one's metabolism-something that is lacking in all diet-only programs," says Miller.

Another brand new PACE Group Exercise Customer, Jan Skierkowski, owner of The Ladies Fitness Zone in LaPorte, Indiana has only been opened since February 16th; however, she has been overwhelmed by the number of women who want to join a Women's-Only club. "Intimidation of the coed clubs is the number one reason they cite for coming in-and they love my new PACE Program! It's not intimidating, anyone can do it-and some members are already getting results! I have one family of an 18-year old daughter, her

mother and her grandmother that all come in and work out in the same PACE class! 90% of the women that come in here say that they are not happy with their bodies, but they are still too afraid to go into coed clubs," says Skierkowski.

We say, whatever it takes to get an inactive person off the couch, moving around, burning calories and feeling better; whether it's a Women's-Only club or a separate PACE Room in a coed facility, we are all for it! Pro\*Fit Enterprises is recognized by the American Council on Exercise as a Continuing Education Specialist. Call Pro\*Fit at 888-604-2244 for a free PACE video or visit their website at <http://www.pacepro-fit.com>.

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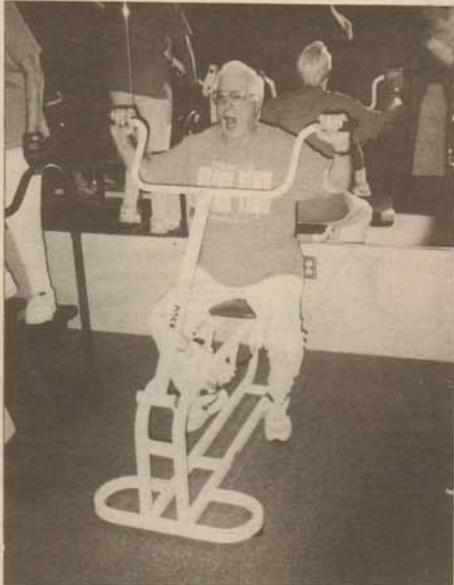
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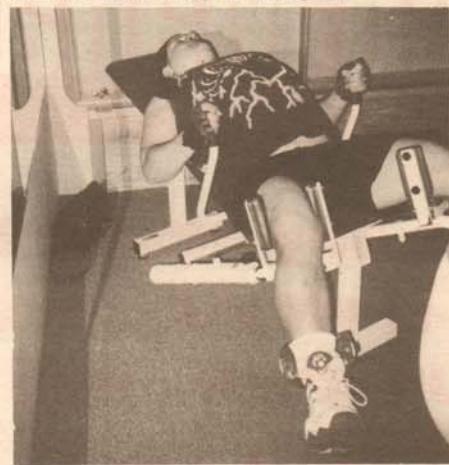
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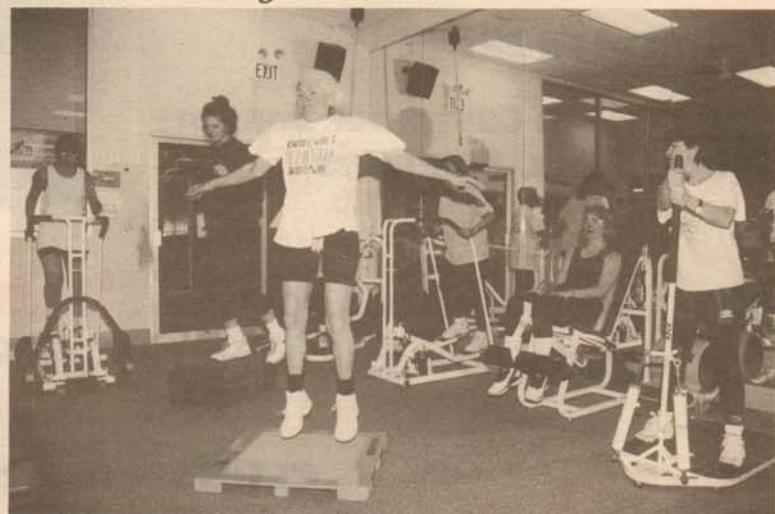
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# Bally Total Fitness' "New Attitude" Translates to Greater Community Involvement

By Jason Conviser, Ph.D.

In previous issues The CLUB INSIDER News has brought some fresh insights into the "new" Bally Total Fitness, profiling the company's President and CEO, Lee Hillman, and providing brief backgrounds on Bally Total Fitness' newly founded Sports Medicine Advisory Board. This month, we are pleased to continue to open the door to our industry's largest player a little further with some insights into how the newly energized management group has focused the organization on supporting the community at large.

Lee Hillman has observed that "We are, at our core, an organization that thrives by being deeply rooted in the communities in which we operate. We need the support and respect of those communities in order to be successful." It's not surprising, then, to find Bally Total Fitness actively pursuing ways to, in turn, support the communities in

which it operates. In fact, since Lee Hillman became President in late 1996, Bally Total Fitness has embarked on a number of new community-focused initiatives.

One of the most significant of these efforts has been the initiative to donate fully functional strength training equipment being retired from the Company's fitness centers to community organizations in need. To date, Bally Total Fitness has contributed over 1,000 pieces of equipment - with an estimated value in excess of \$1 million - to inner city high schools, park districts, community social support organizations, police departments, and fire stations around the country.

Over 100 of these pieces were donated to the Chicago Park District which is in the process of upgrading several of its inner city field houses. Chicago's Mayor Richard M. Daley attended a dedication ceremony in the exercise facilities in the Kenicott Park Field House on

the South Side, and noted that "This kind of community involvement from Chicago's leading businesses is one of the things that bring credit to our city. Making a positive contribution to the health and well being of our citizens is something of which Bally Total Fitness can be proud."

In addition to the Company's extensive exercise equipment donation program, Bally Total Fitness has also donated millions of hours of workouts to several state Governor's Councils on Health and Physical Fitness to support their efforts to get their citizens to exercise more often. In Illinois, Bally Total Fitness teamed up with the YMCA and several IHRSA clubs to help the State's First Lady, Brenda Edgar, to launch her "Get Moving" campaign.

March is Breast Cancer Awareness Month. During the month of March over 120 Bally Total Fitness Centers are conducting self-defense classes every Saturday that are open to members and non-members alike. Net pro-

ceeds from the \$10 fees collected will be donated to the Susan G. Komen Breast Cancer Foundation in support of the Foundation's cancer research efforts.

Beyond company-wide initiatives, there is also a lot of grassroots energy at work at Bally Total Fitness - with fitness centers around the country supporting local food drives, American Cancer Society fund-raisers, American Heart Association Aerobathons, and other local community organizations. These programs are often further supported by making contributions from headquarters in Chicago.

Finally, Bally Total Fitness just announced a new national internship program to help provide fitness career opportunities for minority students earning degrees in exercise physiology. These 12-week internships are geared to giv-



**Jason Conviser, Ph. D.**

ing students "hands-on" experiences in their chosen field that should help them more effectively make the transition from school to a lifelong career. The first of the estimated 20 students to be participating in this program will be starting next month.

## ...Patrick Pine

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ing bodies with their demand for disclosure. As savvy consumers, they are having children, becoming the parents of their parents and asking questions. They have propelled health care quality issues to the front covers of Newsweek and Time. The same population that empowered the dominance of JD Powers & Associates over automobile consumer satisfaction is empowering accreditation bodies over

health care.

### NCQA

In 1991, market forces led by employer needs brought about the establishment of the National Committee for Quality Assurance (NCQA - the accrediting body for MCO's). NCQA began accrediting MCO's in response to the need for standardized objective information about the quality of these organizations. It examines plans according to 50 standards in six categories:

- ✓ quality improvement;
- ✓ physician credentials;
- ✓ members' rights and

responsibilities;

- ✓ preventive health services;
- ✓ utilization management; and
- ✓ medical records.

On June 1, 1994, NCQA began regular and full disclosure of health plans' accreditation status to the public. What was voluntary is now becoming necessary. A good pole vaulter always wants the bar raised - it narrows the competition and focuses more attention on the finalists. Accreditation is raising the bar and indicating quality. But accreditation is but a step toward quality im-

provement. It has become good business to promote and sell accreditation as the way to join the quality bandwagon.

### Why Should Your Facility Get Accredited?

So why should your facility get accredited? The answer is simple: the health club industry is basically an unregulated industry trying to work with the health care industry, the insurance industry and the corporate industry which are all heavily regulated and support accreditation. It's like trying to put a square peg in a round hole. It just won't work. Almost anyone can open and run a health club and be accountable to no one. For the past fifty years the health club industry has been able to do whatever it wants and not have to worry about anyone telling them what to do. But, "the times, they are a changing." We need to understand the opportunity that is available to us and take action. The Bottom Line - It's not a matter of "if" accreditation is coming to the

health club industry, but "when" and by "whom!"

Accreditation will also help your facility compete in the marketplace in which it is located. By adopting basic standards of operation that are recognized by the corporate, medical, insurance and legal community, a NFTA accredited facility will enhance your credibility and image as a true health care provider of health, fitness and wellness services. Accreditation sets your facility apart from all other non-accredited facilities in your market. Your competitors are probably engaged in efforts to get better and improve their market share. If you want to get better, if you want to stay competitive, and in some cases, if you want to stay in business, accreditation by NFTA will help you in that effort.

(Patrick Pine is the Executive Director of the Western Association of clubs and the Founder of the NFTA. He may be reached at: (303) 399-7687.)

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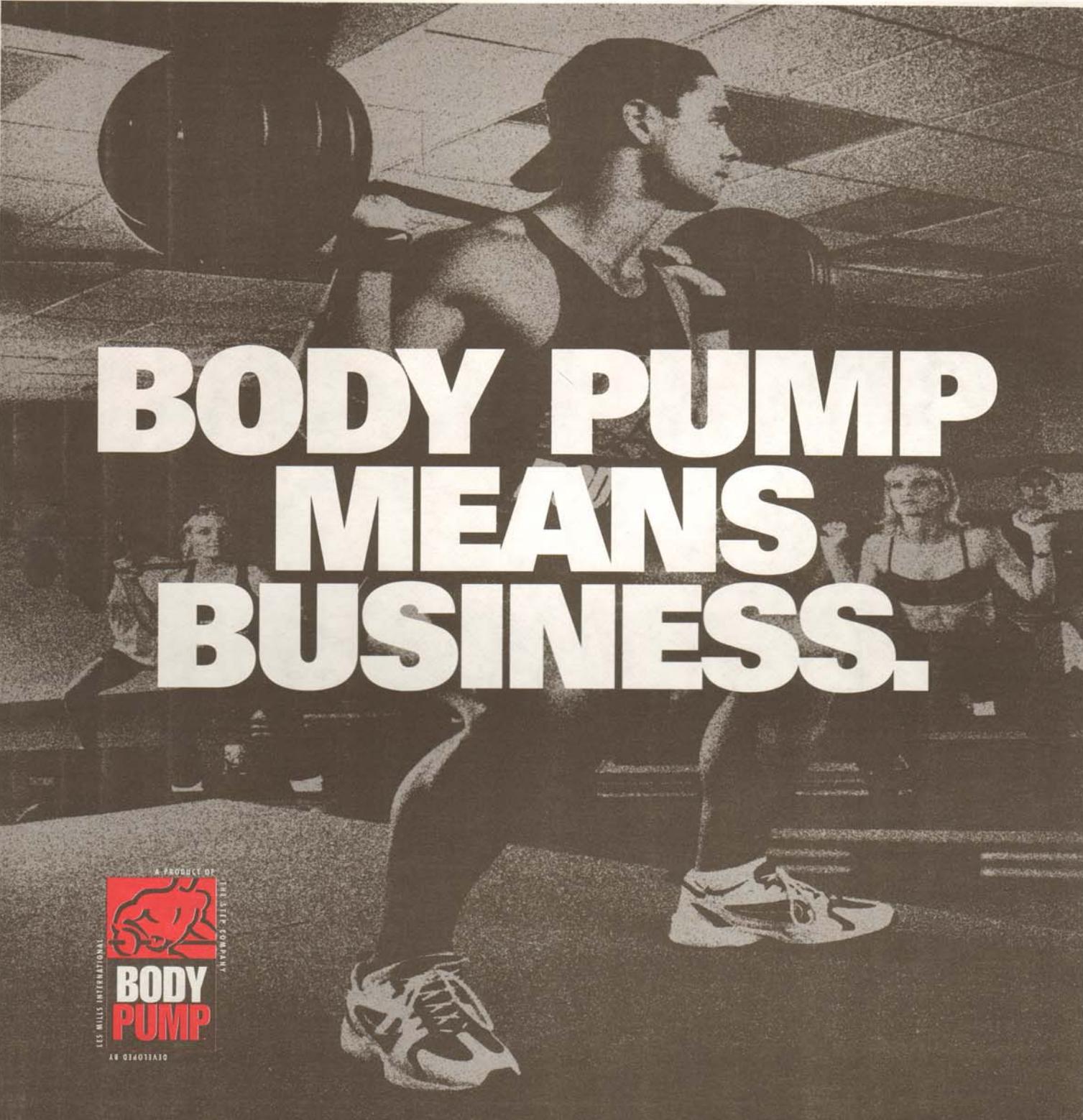
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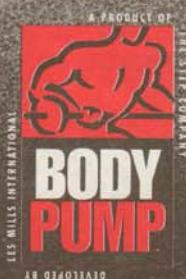


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