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THE Club Insider

NEWS

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

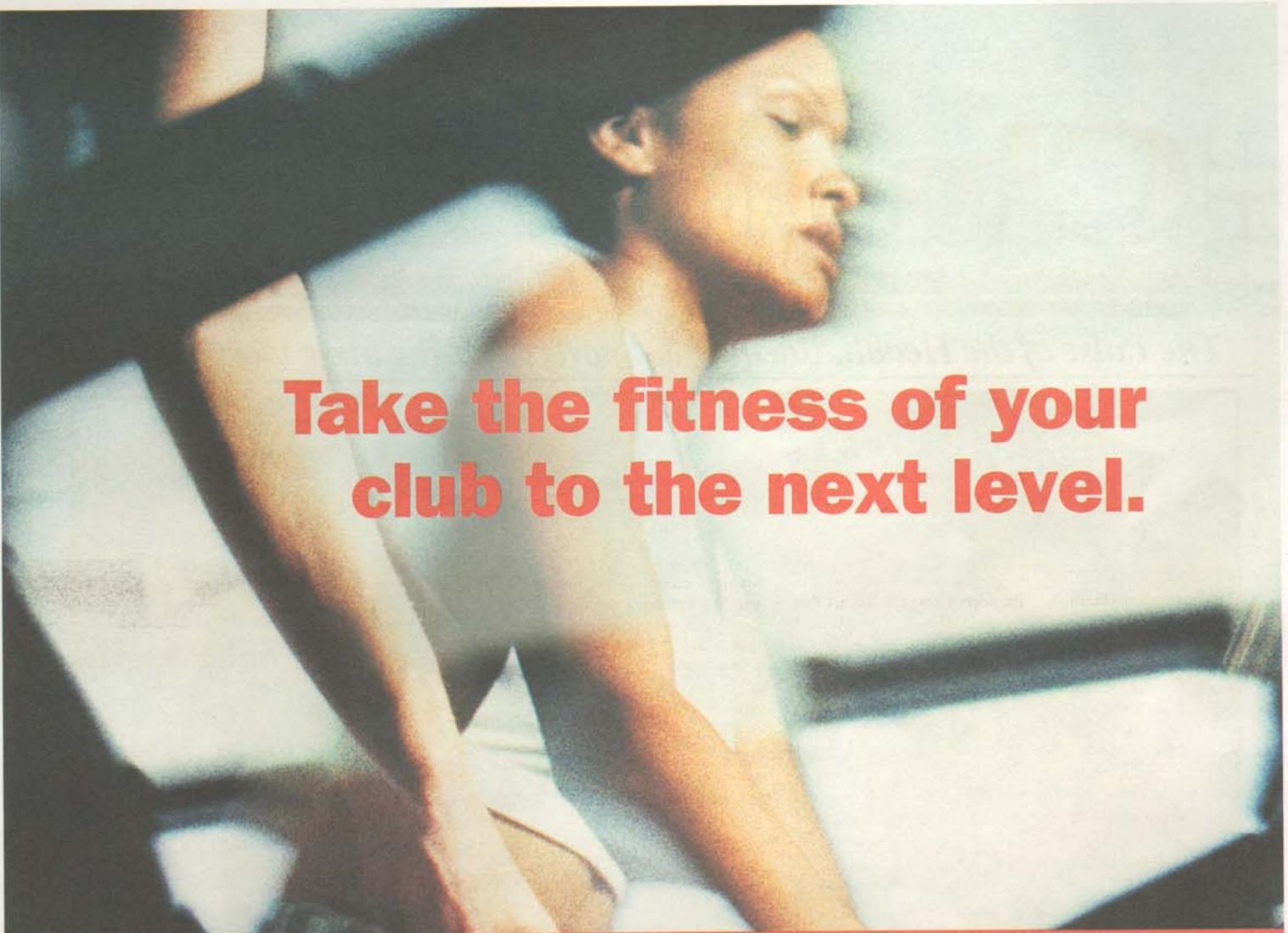
APRIL 2004
VOLUME 11 NUMBER 4



(L) Rudy Giuliani & Rick Caro, Jr.

Rudy Giuliani

America's Hero



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Norm Cates' THE Club Insider NEWS

Rudy Giuliani

An American Hero

By: Norm Cates, Jr.

The International Health, Racquet and Sportsclub Association (IHRSA) honored former New York City Mayor, Rudy Giuliani, with its "Person of the Year" Award in Las Vegas on March 23, 2004. The IHRSA Awards were presented after Rudy Giuliani's speech to the huge IHRSA crowd during its 23rd Convention Opening Session.

Rick Caro, Founder of IHRSA, did the honors for the IHRSA "Person of the Year" Award Ceremony. The following are Rick's comments to the IHRSA General Session.

Rick Caro's IHRSA "Person of the Year" Presentation To Rudy Giuliani at IHRSA 2004

23 years ago, 7 of us founded IHRSA in my office in New York City. On a single day, we created a name for the organization, adopted by-laws and planned its first Convention—coincidentally here in Las Vegas. But, we did one other thing. We created 2 awards—the Person of The Year Award and the Distinguished Service Award—to honor role models.

The Person of The Year Award was given to recipients inside the club industry in the first few years. I was fortunate to have been an honoree. That is probably one of the reasons I have been asked to present this

year's award. In recent years, IHRSA has honored: Former President George H. Bush, Chris Evert, Colin Powell, Arnold Schwarzenegger (when he was Chairman of the President's Council on Physical Fitness), Oprah Winfrey and Surgeon General C. Everett Koop.

The second reason that I might have been selected to present this award is because I know the recipient, Rudolph Giuliani. About 30 years ago, I met Rudy socially when he was an Assistant U.S. Attorney for the Southern District in New York City. He then went to Washington and became the #3 person in the U.S. Department of Justice at a very young age. He then returned to New York to become the U.S. Attorney for the Southern District. He was known as a successful litigator against organized crime, government corruption, drug dealers and white-collar criminals. After some time in private legal practice, Rudy was elected the Mayor of New York City in 1993. And was re-elected handily 4 years later.

He focused on the quality-of-life issues. When all of you visited New York City in those days, your two favorite descriptives were: it's "safer and cleaner." His mayoral years pointed to innovations in law enforcement and welfare, major tax reductions, budget surpluses, job creation and increased tourism.

Some would argue that Rudy's greatest achievement as

Mayor was presiding over my marriage ceremony, my first, at age 55. And some of you were there to witness his humor during that event.

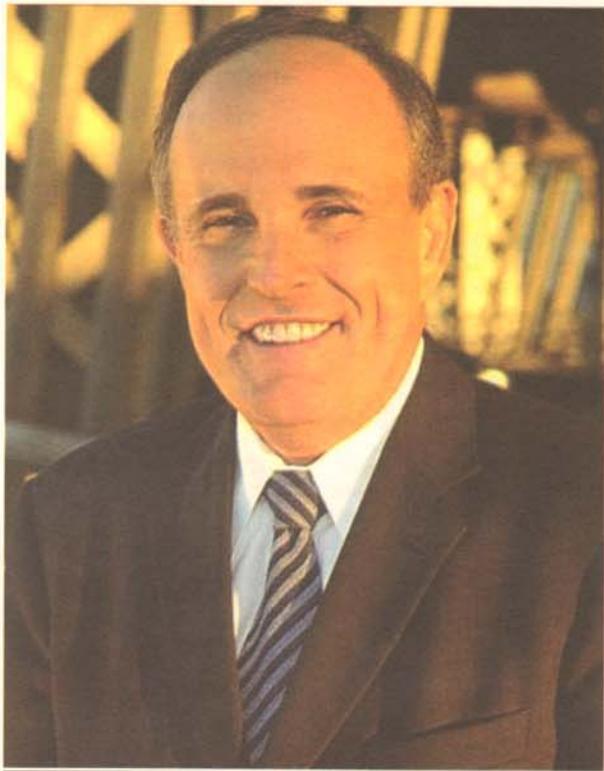
Then, regrettably, 9/11 changed all of those achievements and literally re-cast New York and its skyline forever. Rudy himself narrowly escaped death that day. As all of you know, he immediately began leading the recovery of the City during its darkest hour. He defined the word—leadership. He gave countless reassurances to New Yorkers and the rest of the world. He taught us to start recovering and leading our lives again. He literally reached out to all of those affected, attending more wakes and funerals than most clergy do in a lifetime. Many of you were heartened by the courage of this man and his determination to lead the City back.

Today, Rudy is a multi-faceted private citizen. He has written a best-selling book on Leadership. He heads up a significant new management consulting firm in the areas of emergency preparedness, public safety, crisis leadership and financial management. And he travels to venues like this one to give us speeches just like the one we just heard. His energy is boundless.

It is my honor on behalf of all of you to present this 2004 IHRSA Person of The Year Award to my friend, Rudy Giuliani. (See cover photo of Rick presenting Emerald Crystal & Red Glass Apple to Rudy).

Besides the two gifts we have for Rudy—the crystal and the special glass Red Apple (symbolic of NYC)—we have one other item.

Most of you have heard Rudy respond to the frequently



Rudy Giuliani

asked question, "would you seek out public office again?" His typical answer is "I would not rule it out." However, many of you don't know that his dream job is to succeed Joe Torre as Manager of the New York Yankees. So, on behalf of IHRSA, we have an official Yankee uniform with his name on it & Joe Torre's #6." Rudy Giuliani and Rick Caro left the IHRSA stage to a standing ovation from the energized IHRSA crowd.

Rudy Giuliani On Leadership

Rudy Giuliani had just dazzled the first IHRSA Las Vegas General Session crowd of over 4,000 with his presentation on a

subject he knows so well: LEADERSHIP. His book entitled "Leadership" is a true "page-turner" and is extremely well-written, right from the beginning, with the first chapter in which Giuliani chronicled that catastrophic day, September 11, 2001. I purchased my copy of Leadership at Border's book store and would like to encourage you to buy the book, read it and then study it for the many messages it provides for those that want to lead.

I think many of us thought we were watching a bad dream on September 11, 2001. As the world knows, on that morning two commercial airline (See Rudy Giuliani Page 8)

Inside The Insider

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- **ACE Presents 2004 Achievement Awards**

The "Insider Speaks"

"To Enforce" or "Not To Enforce" IHRSA's Standards and Code of Conduct That Is The Question

Will IHRSA's "Bait and Switch" Continue?

By: Norm Cates, Jr.

The recent IHRSA Convention and Trade Show in Las Vegas was terrific. Congratulations to all involved.

Immediately before the 23rd Annual IHRSA event in Las Vegas, the Board of Directors had one of their required meetings. It is my understanding that a significant portion (described to me as at least 40%) of this one-day meeting of the IHRSA Board was dedicated to discussions on the issue of "To Enforce" or "Not to Enforce" IHRSA's Standards and Code of Conduct.

There is one point man for IHRSA on this Standards and Code of Conduct issue, John McCarthy. CBI Magazine's April edition article entitled: "Worst Practices", written by Stephen Wallenfels, stated IHRSA's position as follows: "IHRSA is unambiguous about its own expectations: We agree to conduct our business in a manner which commands the respect of the public for our industry and for the goals towards which we strive." Wallenfels continues, "Clubs that are concerned about another operator's behavior can lodge a complaint by writing a letter to John McCarthy, IHRSA's Executive Director; the matter, if not resolved easily, may then be referred to the Association's Membership Review Committee." The ultimate goal, McCarthy explains, "is to arrive at a solution that works for the clubs involved, and that maintains the industry's integrity."

There, in that one paragraph in CBI Magazine, is the root issue at IHRSA. An issue that will not go away easily. That issue: "To Enforce IHRSA's Standards and Code of Conduct or not."

Alan Schwartz Weighs In

Alan Schwartz, Chairman of the Tennis Corporation of America, and Chairman, President and CEO of the United States Tennis Association, minced no words in respect to his comments to CBI author, Wallenfels, saying, "It's essential," he insists, "that we operate by —and, when needed, **enforce** —IHRSA's Code of Conduct." So, there you have it. Alan Schwartz, one of the world's and IHRSA's top club industry leaders, has spoken his mind in respect to this issue.

However, then in the next paragraph, Wallenfels writes, "Making effective use of such codes can; however, be a tricky matter itself. Steven Cole, the Senior Vice President and Chief Legal Officer for the Counsel of Better Business Bureaus (CBBB) —which helps associations and other organizations enforce their codes—is familiar with the challenge. "Law is law", he notes, "but ethics —well, that's something else." When it comes to a code of conduct," he explains, "there are certain moral imperatives to do the right thing. But, the issue of right or wrong often goes beyond the law and depends on the expectations of the community."

IHRSA's Own "Bait and Switch"

"Bait and Switch" is what IHRSA has been doing for 23 years. It never occurred to me until I spent hours and hours studying this specific IHRSA issue. But, for the past 23 years, what has been going on in IHRSA's Membership Sales Programs is a form of a "Bait and Switch" tactic, innocently used, but real. Ohhhhhh! I see the gasps across the land as you read these awful words. Surely, many of you are asking right now, "What the hell is he talking about?"

Let me explain. For 23 years now, IHRSA has sold thousands and thousands of IHRSA Club Memberships to club owners around the world. We who have supported IHRSA have actively promoted the fact that "IHRSA has Standards and a Code of Conduct" by which the Association operates. Evidence of that is the IHRSA sticker many IHRSA Clubs have plastered on their front doors. Moreover, Wallenfels states, "Clubs that are concerned about another operator's behavior can lodge a complaint by writing a letter to John McCarthy, IHRSA Executive Director; the matter, if not resolved easily, may then be referred to the Association's Membership Review Committee." These exact words appear in the April CBI Magazine.

O.K., it goes to the IHRSA Membership Review Committee. Then what happens? Let me tell you what happens. NOTHING.

But, I ask you all to consider this. How can ANY IHRSA ENFORCEMENT EFFORT actually "WORK FOR THE CLUBS INVOLVED?" If you are the offending party or organization and IHRSA throws your clubs out of the Association, how can that actually "WORK" for you? I mean, suppose a drunk driver hits another family head on, killing all four family members in the other car. But, the drunk survives, and is charged and tried for vehicular manslaughter and found guilty. And, is then sentenced to 20 years in prison. How can that 20 year sentence "WORK" for the drunk driver? He did the crime, so he must do the time. The same applies here. If you and your IHRSA Member Clubs violate the IHRSA Standards and Code of Conduct, IHRSA enforcement SHOULD NOT "WORK" for you, the offending club operator. It should "WORK" for the people who brought the IHRSA complaint against the offending clubs. That is why IHRSA has such an ethical dilemma today. IHRSA has done a form of "Bait and Switch" for years. When

a new club owner joins IHRSA as a new member club, often one of the prime considerations of his decision to join IHRSA was the fact that he has been sold on the idea of having his club as a member of an Association that has "Standards and a Code of Conduct" and that actually *stands* for something. The club owner joins IHRSA with a clear belief that those Standards not only DO EXIST, but he believes when he joins, that they will be *enforced*. But, the actual reality is that by the time the ink dries on his check to IHRSA, BAM, that myth goes up in smoke. IHRSA has the member club's money, but if and when there comes a time when IHRSA is asked to deliver on its pre-membership purchase promises, IHRSA FAILS TO DELIVER WHAT IT PROMISED IN ORDER TO GET THE SALE! This is sad, but true.

An Ethical Dilemma At IHRSA

So, what we have here is an ethical dilemma at IHRSA. It is time for IHRSA to QUIT TALKING and ACT. I submit for consideration by IHRSA's Board of Directors, three options:

Option #1- Immediately CEASE the sale of IHRSA Memberships to club owners using the **MATERIAL FACTUAL MISREPRESENTATION** that IHRSA's Standards and Code of Conduct mean something and are actually enforced by the Association. In FACT, IHRSA's Standards and Code of Conduct mean nothing and are **NOT ENFORCED**. The truth is that IHRSA's STANDARDS and A CODE OF CONDUCT are just a **SALES TOOL** for IHRSA Club Memberships! This misrepresentation must stop; I and all of us who have supported and promoted IHRSA club memberships are guilty of it. (I am the **MOST GUILTY** because I have promoted IHRSA Club Memberships with all my heart for the past 23 years, and I want to continue to do so in the future). Every IHRSA membership sale for 23 years has, while not deliberately, been made under an actual misrepresentation that IHRSA has been making since day one. And, since there has been but **one** act of IHRSA enforcement in 23-years, this misrepresentation simply is not forthcoming and IHRSA should stop all Association Membership Sales made under this false pretense.

OR
Option #2- The IHRSA Board of Directors should immediately adopt and provide to IHRSA Member Club owners worldwide a "NEW IHRSA STANDARDS and CODE OF CONDUCT POSITION STATEMENT" that says the IHRSA Standards and Code of Conduct rules are "IDEALS BELIEVED IN and PROMOTED" BY IHRSA, BUT IN FACT, THERE IS NO ENFORCEMENT OF THEM BY THE ASSOCIATION. The Association could do something unique and unusual. It could "Tell-It-Like-It-Is" and tell the world *what really happens* after the ink dries on a IHRSA member club's check. This option would also immediately call for **DISBANDING** of the IHRSA Membership Review Committee, whose ability to act has been stuck in a quagmire for years.

TO ENFORCE or **"NOT TO ENFORCE"**. That is the question. Do YOU have the answer?

Any and all comments in agreement or disagreement on this subject are welcome and should be directed to email address: clubinsidernews@mindspring.com or I welcome your phone comments to me at: 770.850.8506. STAY TUNED.

(Norm Cates, Jr. is a 31-year veteran of the health, racquet and sportsclub industry and the publisher of this newspaper. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award.)

THE Club Insider NEWS

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OR

Option #2- As an Association, IHRSA could honestly admit that it has a problem in this

•Norm's Notes•

•Yes, the days were long and the concrete was hard. Thousands gathered at IHRSA's 23rd Annual Convention and Trade Show in Las Vegas March 21st thru March 25th to learn, network and buy new products. The Association also made sure that all attendees got plenty of exercise at the four-day event, as the Las Vegas Hilton Convention Hotel was located in Nevada and the Trade Show hall seemed to be somewhere in Mexico! (If you were at IHRSA Las Vegas, you will get my attempt at humor here.) Seriously though, IHRSA Las Vegas, 2004, was another terrific success, particularly I am told, for the Associate Members. Everyone can look forward to a return to this Las Vegas venue in 2006, the 25th Anniversary of IHRSA! Thanks to all IHRSA sponsors, exhibitors, speakers and special thanks to JOHN McCARTHY and his IHRSA Team for all of their long hours and very hard work making the 23rd Annual IHRSA Convention and Trade Show a great success. And, for all of those involved with The CLUB INSIDER News 10th Anniversary Celebration and a

"Tribute to Ray Wilson", please see page #28.

•Great news out of American Sports Data that reported that there are now 39,400,000 members in health clubs across the U.S. That represents a 3+ million member increase and is the greatest jump since American Sports Data began to track the numbers for IHRSA in 1987. This means that in one fell swoop, IHRSA's goal of 50 million health club members by 2010 seems very attainable. According to IHRSA Executive Director, John McCarthy, it will take a 4% compound growth per year from 2004 to 2010 to reach 50 million U.S. health club members.

•BAHRAM AKRAD, "has come a long way baby", since the days when he was a 17-year old dish washer and recent Iranian immigrant to the USA. Big news has hit about Akradi's Life Time Fitness Initial Placement Offering (IPO) announced in March. Only in America! STAY TUNED.

•The "BAD NEWS"? Bally Total Fitness, according to a February 16th Reuter's Report

quoting ELLIOT SPITZER, New York Attorney General, has agreed to provide refunds to some customers who were allegedly misled about fitness center contracts or were denied the right to cancel memberships. Additionally, Bally has, according to the Report, agreed to change its sales and advertising practices "after hundreds of consumers complained that deceptive ads and high-pressure sales tactics tricked them into signing long-term contracts and misrepresented the total price of the memberships." Bally Total Fitness spokesman, JON HARRIS, said "the company was not found in violation of the law, but it has agreed to review individual cases to see whether they require a refund." The "GOOD NEWS" is that Bally Total Fitness has taken this issue very seriously and has taken aggressive, proactive steps to get back on the good track they've been on, announcing that it is restructuring its Marketing Department with the addition of Managing Directors: ALISON KAL, Brand Management; MICHAEL MARASCO, Customer Relationship Management; KELLY HUNDT, Field Marketing and Promotion; STEVE TUCKER, Marketing Controller; CINDY WOJDYLA, Creative Director and MONIQUE GOFFINET, Account Director.

PAUL TOBACK, BTF Chairman, CEO and President has been working closely with MARTIN PAZZANI, new BTF Chief Marketing Officer, to continue the very positive course Bally Total Fitness has been on under Toback's watch. STAY TUNED.

•24 Hour Fitness announced immediately after the IHRSA Convention and Trade Show that it was launching "24 Hour Express" clubs, its own version of RAY WILSON'S "Healthy Exercise" Concept. One thing I know for sure, when Ray Wilson announced last June that it was his intention to see 10,000 "Healthy Exercise" facilities built, he clearly did not expect all 10,000 of them to be part of his Healthy Exercise chain but assumed that others would adopt the concept. And, I expect there will be more.

•MIKE TALLA, Sports Club Company Chairman and Founder and currently Co-CEO, has announced that he will be

stepping down as the Company Co-CEO and that REX LICKLIDER will continue as CEO and PHIL SWAIN will serve as President and Chief Operating Officer.

•DAVID GIAMPAOLO, is now a Board Member and shareholder in GENE LEDERER'S Health Club Panel Network. Good move as the HCPN is a great service for both health club owners and the advertisers that employ Lederer's HCPN. Giampaolo, an industry veteran on both sides of the pond, is also an IHRSA Board of Directors member.

•RUTH STRICKER is one of America's and the world's greatest visionaries. In 1985, she founded The MARSH in Minnetonka, Minnesota. Ruth and The Marsh were recently featured in "FIFTY Plus Living" Magazine, a supplement to the Minnesota Star Tribune. Ruth's The Marsh, is a 67,000 square-foot facility merging Eastern and Western cultures and offering its members and guests a comprehensive approach to wellness that engages the mental, spiritual and emotional components of her member's souls with the physical. Ruth is a great credit to our industry and to womankind. STAYTUNED!

•SAMUEL YOUNG is the President of four TILTON FITNESS Clubs, based in Egg Harbor, New Jersey and with additional locations in Mays Landing, Somers Point and Stafford Township. Samuel has developed a real niche creating alliances with hospitals in his area. Samuel has been featured on the cover of CBI Magazine, and his company's Shore Fitness Center was honored by the Medical Fitness Association with its Distinguished Achievement Awards.

•Congratulations to Maryland club owners and to IHRSA as the proposals that would have imposed a sales and use tax on physical fitness services are dead. Also, two YMCA bond bills and a bill that would have forbidden expiration dates on gift certificates failed. IHRSA's Government Relations Department keeps on plugging away with great success. If you need help in your area, call 800.228.4772 or email gr@ihrsa.org

•JIM BELL, the Pres. (See Norm's Notes Page 6)



Norm Cates, Jr.

The Club Insider News Contributing Author Team

The 2004 CLUB INSIDER News 2004 Contributing Author Team is listed below. Our thanks to all of our authors for sharing their expertise and taking the time to write for The Club Insider News.

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...Norm's Notes

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dent of the International Fitness Professionals Association, has announced in his e-newsletter the winners for the 2003 IFPA Fitness Professionals Awards. They include: IFPA Group Fitness Instructor of the Year- VICKI LANG, Regional Group Exercise Manager for 24 Hour Fitness in California; IFPA Personal Trainer of the Year- CARLA OWENS, Personal Trainer, 24 Hour Fitness, Las Vegas; IFPA Fitness Director of the Year- NANCY KOURIS, Manager, World Gym, Hampton Bays, New York; IFPA Faculty Instructor of the Year - DR. BOB SIMMONS, Lt. Colonel (Retired) U.S. Army Rangers, and the 2003 (and first) Inductee to the IFPA Fitness Hall of Fame is DR. WAYNE WESTCOTT. Congratulations to all of the recipients who will be honored at the IFPA "Fitness-By-The-Bay" Conference in Tampa, Florida on August 27th. For information go to: www.ifpa-fitness.com

•TOSHIKAZU SAITO is President and Chief Executive Officer of Renaissance, Inc., the Tokyo, Japan-based, owners and operators of 73 upscale Sports Club RENAISSANCE and other clubs in Japan. Mr. Saito, longtime subscriber of The CLUB INSIDER News, informed me in Las Vegas at IHRSA that his company had gone public on the JASDAQ Market and all is going well. Congratulations also to the Renaissance Board of Directors, SHOJI KOMIYAMA, NATSUHIDE ARITA, KIYOFUMI SUGI, KAZUSHIGE HIROOKA, KIYOSHI WATANABE, TOSHIKO HOTTA, YASUTOMO TAKE, KOKIRO IORIYA, TATSURU FUJII, ATSUSHI TSUCHIYA and SUGURU WATANBE. Mr. Saito and his Team have led Renaissance, formerly DIC Renaissance, to the #3 spot on total annual revenues in Japan! Congratulations to Team Renaissance!

•MARY ERICKSON is the Executive Director of the FitLife Club Network, one of the top Regional Club Associations in the business and I owe sincere apologies to the whole group for my DUHHHH last month when I referred to the Association in my writing as "Fit For Life." Yes, this hearty bunch of folks in Oregon, Washington, Montana and Idaho are for sure "Fit For

Life", but the correct Association name is FitLife Club Network. For information on FitLife membership and/or their wonderful summer Conference and Retreat, contact Mary at: 503.445.6235.

•LYLE SCHULER, my old buddy from New York and formerly, one of the top collegiate running backs in America, is experiencing great success with his work with the Mid-Hudson Athletic Club in Kingston, New York. Schuler, a veteran with Sales Makers, used a **100% Money Back Guarantee** to ensure fitness success. In his terrific Mid-Hudson Athletic Club newsletter, Lyle writes: "We recognize that one of the most difficult challenges in maintaining good health is just

getting started....that's where we'll prove to you the right program will make all the difference. At the MAC we take your fitness seriously and we're willing to back-up our reputation by offering an unconditional money back guarantee - if for any reason, as a new member you're not completely satisfied with your club experience! This guarantee enforces our commitment to provide you (our members) with the best value for your health and fitness investment!" Lyle Schuler-Owner. Way to go Lyle... I wonder how many other clubs make such an offer and promise?

•CLUB INDUSTRY MAGAZINE'S-Club Industry East Conference and Trade Show will be held in Baltimore, Maryland, May 12-14th. I hope everyone north, west or south of Baltimore will make plans to

attend. I would sure be there if the event was not smack dab in the middle of our May deadline. Featured keynote speakers will include GINA KOLATA, Author of "Ultimate Fitness: The Quest for Truth About Exercise and Health" and MELISSA JOHNSON, Executive Director President's Council on Physical Fitness & Sports. For information call: 800.927.5007 or go to: www.clubindustryshow.com. Also, BE SURE to make plans to be in Chicago next Fall at Club Industry's annual blockbuster Conference and Trade Show.

•SIBEC North America, scheduled in Miami, Florida, September 9-12, has over 55 clubs scheduled to meet with over 75 vendors and the list of scheduled attendees looks like a

'Who's Who' of the health, racquet and sportsclub industry! For information, contact the producers of the gathering, McLean Events, Inc. at: www.mcleanevents.com

•CHRIS MCGILL has been promoted to Vice President of Sales - U.S. and Canada for FreeMotion Fitness according to FreeMotion Founder and CEO, ROY SIMONSON. Congrats Chris!

•JERRY NOYCE, all around good guy, continues to mount successes at Minneapolis, MN.-based Health Fitness Corporation. HFC had a first quarter revenue increase of 13% to \$31.5 million. HFC operates 386 facilities under management contracts. The financial success for HFC has

been boosted by the recent acquisition of Johnson & Johnson's Fitness Services Division. HFC has also recently announced JAMES EHLEN, MD. has been named Medical Advisor and RALPH COLAO has been appointed Vice President of Consulting and Best Practices. Good luck gents.

•MIKE BALFOUR, Fitness First CEO, based in the United Kingdom, told me in Las Vegas that by June his company should be reaching \$1 billion in revenue and 400 clubs! He is also in the process of transitioning leadership of the company he founded in 1993, to MICHAEL METCALF, currently COO of the company. Michael has one of the world's great clubs

(See Norm's Notes Page 22)

April 6, 2004

Norm Cates, Jr.
Club Insider News
P.O. Box 681241
Marietta, GA 30068-0021

Dear Norm,

Thank you so much for the invitation to your party. My wife and I had been thinking about attending the IHRSA convention for all the good information disseminated through this venue. Your invitation was just enough to help us make the final decision to attend in 2004.

Congratulations on ten years of publication of the Club Insider News. Publication of 123 monthly editions, wow, quite a force in the Club Industry.

Your party was a blast. Drinks, food and dancing with just the right amount of socializing. My wife is always happy when she can get me onto the dance floor. Good choice of music. Norm, your efforts are appreciated.

Congratulations to Ray Wilson for his 56 years of service to the health club industry. It is hard to appreciate the amount of energy required to build over 500 clubs. Ray you are still looking great.

We look forward to next year. Thanks Norm.

Dr. Craig Wenborg
Oxyvital, USA

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...Rudy Giuliani

continued from page 3

jets were flown into the World Trade Center towers killing thousands. The two jets were full of aviation fuel to carry them to West Coast destinations and the thousands of gallons of burning aviation jet fuel literally melted the interior of the two World Trade Center Towers, causing their collapse. The Mayor of New York City was faced with the first attack on America's mainland right in his own hometown. How did he react? He reacted as a great leader would, and in 24 hours, an American Hero had emerged from the carnage in New York City. But, this American Hero credits many other people for his own stellar performance under fire.

The first few hours saw Giuliani immersed in the many immediate challenges he faced due to the 9/11 attacks. In fact, Giuliani and a number of his team members narrowly escaped being killed in the #7 World Trade Center building adjacent to the two collapsed World Trade Center Towers as he and others

surveyed the scene. It was a blessing that New York City Mayor Rudy Giuliani and his City Hall Team survived as they all immediately set about dealing with the many immediate crisis tasks. Rudy chronicles those first few hours in amazing detail in Chapter 1, a Chapter worth the cost of the book all by itself.

Rudy Giuliani has come a long-long way since his early days as a child growing up in a working class family. His grandparents were Italian immigrants and he learned and grew up with a strong work ethic and a deep respect for America's ideal of equal opportunity. He graduated from Bishop Loughlin Memorial High School in Brooklyn, Class of 1961, continued his education at Manhattan College (Class of 1965) and graduated Magna Cum Laude in 1968 from New York University Law School. After graduating from Law School, Giuliani clerked for Judge Lloyd MacMahon, U.S. District Judge, and in 1970 joined the office of the U.S. District Attorney's office. At age 29, Giuliani was named Chief of the Narcotics Unit

and rose to serve as Executive U.S. Attorney. In 1975, Giuliani was recruited and named as the Associate Deputy Attorney General and Chief of Staff to the Deputy Attorney General in Washington, D.C. From 1977 to 1981, Giuliani returned to New York to practice law at the firm of Patterson, Belknap, Webb and Tyler.

By 1981 Giuliani supervised all of the U.S. Attorney Offices' Federal law enforcement agencies, the Bureau of Corrections, the Drug Enforcement Agency, and the U.S. Marshalls. In 1983, Giuliani was appointed U.S. Attorney for the Southern District of New York, where he spearheaded efforts against drug dealers, organized crime, government corruption and white-collar criminals. Few U.S. Attorneys in history can match his record of 4,152 convictions and only 25 reversals.

World Class Mayor

Rudy Giuliani was elected the 107th Mayor of New York City. His campaign focused

on quality of life, crime, business and education. In 1997 he was re-elected by a landslide, carrying four of the five boroughs of New York City. Giuliani lived up to his campaign promises. Overall crime fell 65%, murder was reduced by 70%, and New York City, once known around the world for dangerous streets, was recognized by the F.B.I. as the safest large city in America for the past five years. When Giuliani took office, one of every seven New Yorkers was on welfare. Giuliani restored the work ethic, cut the welfare roles 60% and assisted 640,000 individuals in their transition from dependency to the dignity of self-sufficiency. He cut the commercial rent tax, personal income tax and the hotel occupancy tax providing New Yorkers with over \$2.5 billion in tax relief. Giuliani had inherited a \$2.3 billion budget deficit reversing it into a multi-billion dollar surplus, and he led New York City to an era of broad-based growth with a record 450,000 new private sector jobs in eight years. Tourism to New

York City grew to record levels as news of the City's resurgence spread around the nation and the world. The changes in New York City under Rudy Giuliani's watch were real, wonderful and energizing to all Americans, not just to the people of New York City.

World Class Consultant

Limited by New York City's two terms for a Mayor's rule, Rudy Giuliani found himself out of work in 2001. He founded Giuliani Partners in January, 2002, quickly establishing the new professional services firm as a leader in fields including emergency preparedness, public safety, leadership during crises and financial management. Drawing on his experience in turning a city described as "ungovernable" into a city that is now a worldwide example of good government and effective management, Giuliani was recognized in Spring 2002 as "Consultant of the Year" by Consulting Magazine.

(See *Rudy Giuliani* Page 10)



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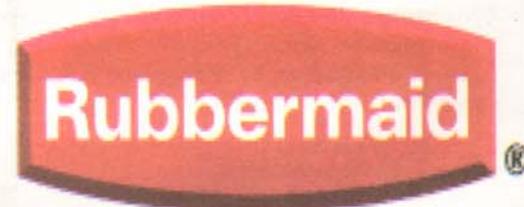
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...Rudy Giuliani

continued from page 8

World Class Speaker
Rudy Giuliani Presents
An Important Message to
IHRSA Delegates In Las Vegas

Rudy Giuliani was greeted by the IHRSA Las Vegas crowd with a warm standing ovation. He wowed the crowd right from the beginning with his recollection of his days as a U.S. District Attorney and his monitoring of over 4,000 audio tapes made of Mafia conversations. He demonstrated his humor with his recollection of those times when after hours and hours of monitoring FBI taped audio conversations, all of a sudden one of the Mafia guys being taped would utter something like this, "Hey, I think tomorrow night is the night that we've got to whack Rocco." He did a terrific impersonation of the Mafia figure using the prototype Soprano's deep, gravelly voice. He then whimsically apologized for using the voice impersonation and then chuckled with the energized crowd saying, "I keep trying to stop. But then, they really mess up my head by putting a wire on me."

He continued his IHRSA speech with comments about the importance of leaders being able to "think on their feet", citing how that ability helped him on September 11, 2001. He shared his thinking on the importance of leadership as a skill and the fact that leadership is not something you are "born" with, but a skill you are able to learn. He cited the example of how pilots learn skills that are sometimes tested during aviation emergencies. He said the same applies to tests of one's leadership. He also likened the development of leadership skills to the discipline and maintenance of physical fitness. He stated that you get better results in fitness if you are doing the right things over and over to achieve these results.

He explained how he had been working on his now best selling book entitled: Leadership for some time prior to September 11, 2001, and how he had to put aside continued work on it to deal with the crisis of the 9/11 attacks. He also made it clear in his speech and his book that the work he had already done on his book before the attacks actually helped him tremen-

dously as he and his team dealt with the crisis.

Giuliani's IHRSA speech covered, among other things, six key principles for leadership. Suffice it to say, Rudy Giuliani is a great speaker. He entertained, mesmerized and charmed the IHRSA crowd in an admirable manner. He demonstrated his ability to "think on his feet" when the cell phone of a member of the IHRSA audience rang. Hearing the cell phone ring, Giuliani responded with, "Go ahead and answer it. While you're at it, I'll make a call too; think I'll call my bookie." Then, while the person was dealing with his cell phone, Giuliani recalled a scene from his favorite movie, "Dr. Strangelove." The "punchline" from the movie scene he recounted was "Tell her 'I love you Poopsie' so I can get back to my speech." The IHRSA audience cracked up.

About Rudy Giuliani's Book - Leadership

Leadership was written by Rudy Giuliani with Ken Kurson. The book dedication page reads: "This book is dedicated to all the people described in these pages, whom I leaned on and learned from — it was from them that I derived the strength to lead." And, at the risk of upsetting Rudy's publishers, Hyperion, I am going to publish for you, the Chapter titles, with hopes that you will be encouraged to purchase the book, read it and study it.

Preface - Includes a historical review of Rudy Giuliani's youth, education and various life experiences.

Part I-
Chapter 1-September 11, 2001

Part II-
Chapter 2- First Things First
Chapter 3- Prepare Relentlessly
Chapter 4- Everyone's Accountable, All of the Time

Chapter 5- Surround Yourself with Great People

Chapter 6- Reflect, Then Decide
Chapter 7- Underpromise and Overdeliver

Chapter 8- Develop and Communicate Strong Beliefs

Chapter 9- Be Your Own Man
Chapter 10- Loyalty: The Vital Virtue

Chapter 11- Weddings Discretionary, Funerals Mandatory

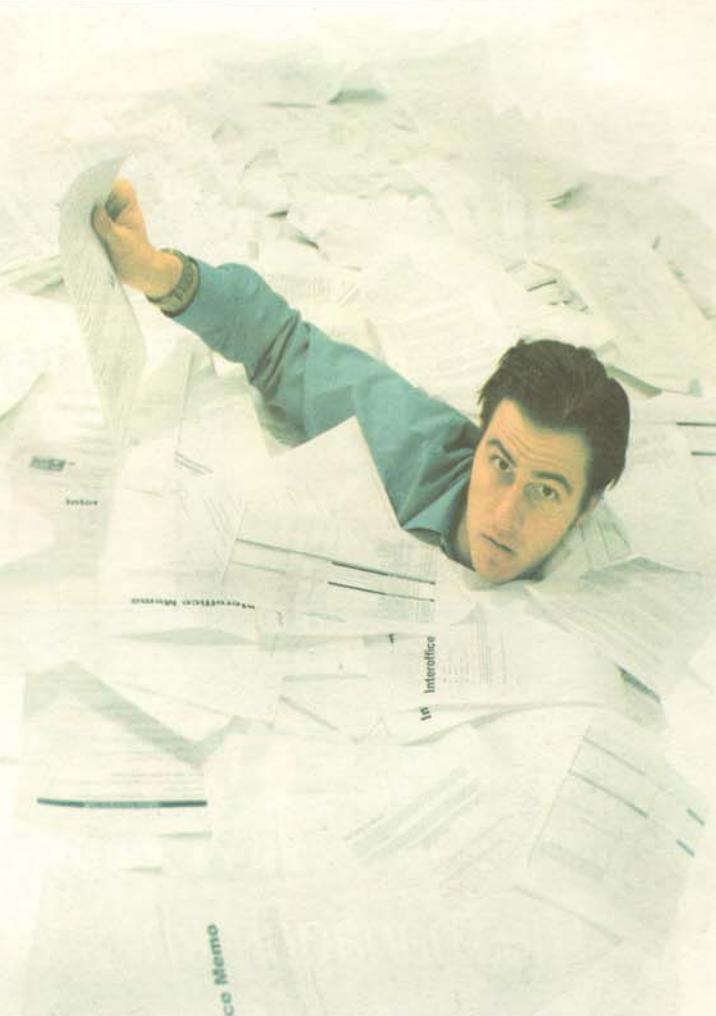
Chapter 12- Stand Up to Bullies

Chapter 13-
Study. Read.
Learn Independently
Chapter 14-
Organize Around A Purpose
Chapter 15- Bribe Only Those Who Will Stay Bribed.

Part III - Chapter 16- Recovery.

Rudy Giuliani is truly an American Hero and world class asset, not just to the United States of America, but to the entire world. New York City and America was truly fortunate to have Rudy there on September 11, 2001. We thank him for being with us at IHRSA Las Vegas and we wish him good health and happiness as he continues his wonderful life. And, this writer would like to urge Rudy Giuliani, our American Hero, to run for President of the United States in 2008.

(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates, a 31-year veteran of the health, racquet and sports club business was IHRSA's 1st President and a Co-founder of the Association in 1980/81. Cates was honored by IHRSA in March, 2001, with its DALE DIBBLE Distinguished Service Award. Cates may be reached by email at: clubinsidernews@mindspring.com or phone at: 770.850.8506.)


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RAY WILSON Honored With IHRSA's DALE DIBBLE Distinguished Service Award

By: Norm Cates, Jr.

The DALE DIBBLE Distinguished Service Award is IHRSA's highest honor for people in the health, racquet and sportsclub industry. In 2001, IHRSA re-named its Distinguished Service Award after Dale Dibble, a man who is the embodiment of this high honor. I was thrilled to be the first recipient of the IHRSA's Distinguished Service Award after it was renamed for DALE DIBBLE.

Dale Dibble is a

"Founding Father" of IHRSA. Cedardale Athletic Club was Dale and his partners, Ed and Zoe Veasey's creation. Cedardale became known for its diversity and member satisfaction under the guidance of Dale Dibble and the Veaseys. Dale was and is today, known for his creativity, his willingness to openly share his knowledge, and most of all, his contagious enthusiasm.

Ray Wilson is a legend and icon in our industry. His 56-year career in the health club business has been incredible. And throughout his career, he has always partnered with

individuals whom he has hand picked. He has helped many of his partners become millionaires, and he has repeated the same pattern over and over.

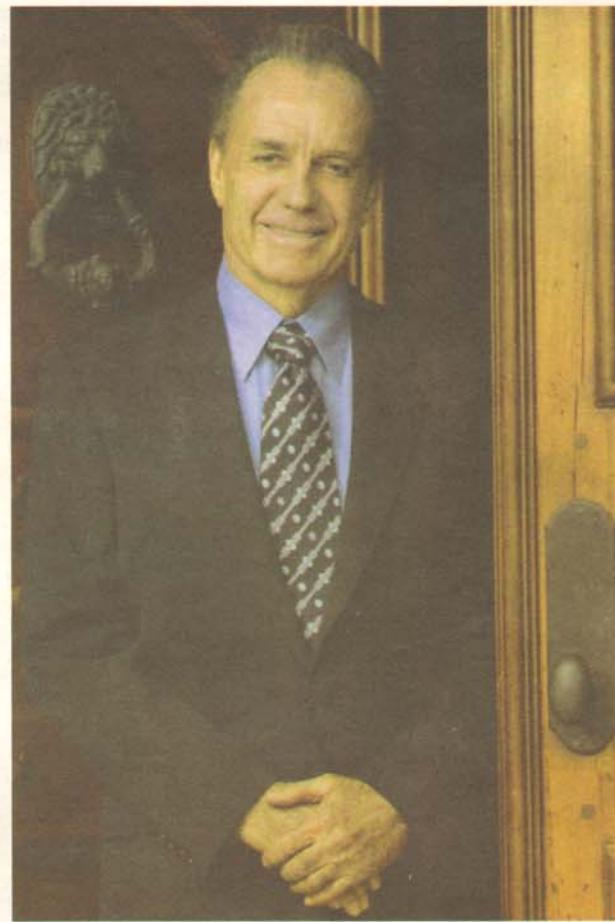
In the early 1950's, at age 23, Ray started the American Health-Silhouette club chain and by age 29, was a young multi-millionaire with 250 clubs. He was the first to totally air-condition health clubs and install luxurious interiors.

In 1960, Ray founded the European Health Spa chain and it grew to 160 locations. European Health Spas was unique with hot whirlpools, steam rooms, saunas and luxurious interiors. His partnership sold European to U.S. Industries for \$46 million in 1969.

In the late 70's Ray acquired the rights to an exercise machine that you all know. Lifecycle is arguably Wilson's greatest contribution to the health club and fitness industry. He invested over \$1 million in perfecting Lifecycle. And, Ray hired a 19-year old college student named Augie Nieto, and they shared the Lifecycle vision and made it a world-class success. Ray and Augie sold Lifecycle to the Bally Entertainment Company.

In the early 80's, Wilson built a fitness center outside of San Diego to use as a test site for Lifecycle. The Ray Wilson Family Fitness Centers chain was born. He marketed his growing chain using monthly dues memberships, instead of mandatory retail installment contracts. He believed that psychologically, if people were given a great club at a reasonable price, with no contract, they would join, stay and bring their friends. The chain grew to 72 locations, and in 1995, he and his partners sold Family Fitness to 24 Hour Fitness for \$95 million.

In partnership with Eric Levine and Ival McMain, Ray built four California Fitness Centers in Hong Kong. Four years later, in 2000, he and his partners sold the California Fitness Centers in Asia for a \$25 million profit. In '98 he built the first of seven California Fitness Centers in Columbus, Ohio. He and his partner, Greg Rowe,



Ray Wilson

IHRSA's 2004 Dale Dibble

Distinguished Service Award Winner

enjoyed a record \$2 million EBIDTA in 2003.

For the past two years, Ray and his partner, Joe Ochoa, have been developing his sixth phase, the Ray Wilson Healthy Exercise Centers. Ray firmly believes in this concept. He is attacking the obesity epidemic head on, through Healthy Exercise.

They have opened three Healthy Exercise Centers in Southern California as they test and now begin to roll out the Healthy Exercise concept across North America and the world.

The concept is to make bigger clubs more successful with the installation of the small "sister" Healthy Exercise Centers, whose only focus is on bringing in and training de-conditioned men and women and then graduating them to the big, parent clubs.

Ray Wilson is passionate about our industry and thrives on the challenge of

creating new concepts and working hard to make them great successes. He is driven. He is fair. He is honest. And, Ray will be known in the history of our club industry as a great man who made a huge difference to human kind.

It was my honor to present to Ray Wilson the DALE DIBBLE Distinguished Service Award on behalf of IHRSA at IHRSA's 23rd Annual Convention and Trade Show.

(Norm Cates, Jr. is the owner and Publisher of The **CLUB INSIDER** News and a 31-year veteran of the health, racquet and sportsclub industry. In March, 2001, Cates was honored by IHRSA with the first ever Distinguished Service Award named after Dale Dibble. Cates may be reached by email at: clubinsidernews@mindspring.com or by phone: 770.850.8506.)

Professional Club Management

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The Sales Effectiveness Quiz

How many Times do you need to fail this quiz until you take action?

1. Has your sales team been trained or retrained in the last 90 days?
Yes No

2. Are you totally satisfied with your sales team work habits, efforts, production levels, attitude and motivation?
Yes No

3. Do you have key result areas and accountability structures for all production staff? Do you use them?
Yes No

4. Do you track and analyze all sales statistics and staff production daily?
Yes No

5. Is your sales team trained and held accountable for time efficient prospecting (or just order takers)?
Yes No

6. Do you have lead follow-up systems in place and do you regularly inspect them? Yes No

7. Does your sales team have clear, written job descriptions, expectations, goals and well defined time frames for completion?
Yes No

8. Does your team close sales mainly on "benefits & value"? Or just price. (Tell The Truth)
Yes No

9. Has your sales team consistently met their goal the last six months?
Yes No

10. Does your sales team never complain, "I don't have any leads" or "there's not enough guest traffic"?
Yes No

Scoring: 1 Point for each "yes" answer
8-10 Highly Effective: You are doing well. Could you improve?
6-8 Moderately Effective: You are trying, but what would a 20% improvement do for you?
5-7 Kind of Effective: You need a sales focus and training
Below 5 Not Effective at all: Do something NOW! Call PCM! We can help!

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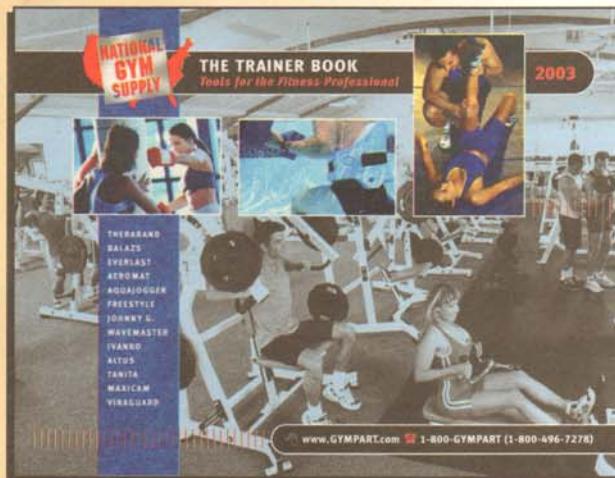
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By: Michael Scott Scudder

“PLANNING – OR REPLANNING – YOUR BUSINESS”

Last month's column described a Business Plan, its pertinent sections, and what it does for a business – be it a start-up club or an existing facility. This month, I will delve into three key elements of your Business Plan:

- The LOCAL FITNESS MARKET SUMMARY
- The DEMOGRAPHIC ANALYSIS
- The COMPETITIVE ANALYSIS

The Local Fitness Market Summary

Purpose: To understand the competition in your local area fitness marketplace; to understand who's doing what and where a “competitive hole” may be; and to give you a reason for going forward with this project.

(NOTE: It is no longer sufficient to simply say “The market needs a good health club” or “We need another fitness facility in this market.” Investors and bankers do not buy that subjective logic.)

How It Helps You: You will discover the *whys* inherent in doing a new club project, or in re-marketing an existing club. It may also help you to find an uncovered market niche (a “hole in the market”).

Who Takes Real Interest In It: Prospective investors or lenders; your banker.

The *Local Fitness Market Summary* should be conducted by owners and key management staff. Assigned people should go out to competitive clubs in the market-draw area and do “dummy tours,” tours of fitness facilities as though one was interested in membership in that facility. During the course of the facility tour, the observer should note the approximate amount of parking spaces, the entrance to the club, the initial greeting, the process of registering a guest, the professionalism of the sales

interview and tour, the type of equipment used and its condition, the various exercise rooms, the colors of the physical plant, whether it is appealing or not, the types and ages of members in the club at the time/hour of the visit, the types of memberships available and the prices of memberships. This should be noted on a checklist as soon as the observer has left the building and is in his/her car.

It is best if at least two persons “dummy tour” each club in the marketplace. Diversity of experience and differences in opinion are necessary when evaluating competition. Also, the tours should be taken at different times of the day.

It is important to note on the checklists who is not in the facilities...this often helps you to discover potential unserved fitness markets.

Be objective. Do not go in with the attitude that your competitors stink and you're touring their facilities to verify that opinion. Look at each facility with an open mind, learn from each interview and tour, and *feel the experience* of touring a club as a prospective member. The latter may just help you in your club's sales presentation!

In the Local Fitness Market Summary for a recent client, we discovered that the area marketplace was not only underserved by health clubs, but we also saw that there was a tremendous 40-plus market not being taken care of by any club in that area!

Primary emphasis was placed on this market in initial marketing, and the opening months of operation were more successful than had been predicted, both in terms of numbers of new memberships sold but in sales of initial personal training, too.

The Demographic Analysis

Purpose: To statistically support your reason or reasons for creating this business entity.

How It Helps You: It gives you solid, verifiable statistical data that assists you to understand the size of the potential member market and the *scope* of the entire marketplace, by understanding numbers of people in given

population distributions.

Who Takes Real Interest In It: You; investors or lenders; bankers.

The *Demographic Analysis* bears statistical witness to the viability of a project. There are many ways to arrive at a demographic analysis, from searching the Internet for updated-and-projected 2000 United States Census data for your county, city and often even your local areas (which cost you only time and your own labor), to purchase of professional analysis from one of hundreds of demographics firms. For the latter, I often consult the magazine *American Demographics* and choose from among sites listed with this prestigious publication.

The simple steps that I suggest for Demographic Analysis are as follows:

- Get population-by-age-and-sex groupings of your one, three and five-mile radii from your intended or actual site.
- From those numbers, subtract 30% for ineligible/unavailable populations. I generally do not use over-age-65 statistics, or under-age-16 statistics in my compilations. I also account for chronically ill or indigent populations at this point in my analysis.
- Apply the 13% Rule to those population figures (nationally, 13% of the eligible-available population are members of health clubs; it stands to reason that 13% of your marketplace will be members of health clubs).

Once you have arrived at the above number (from the 13% Rule), subtract the total number of members reported by competitive clubs in your Local Fitness Market Summary.

• What do you arrive at? The eligible-available number of prospective members still unsold in your marketplace!

Two things are worthy of special note here for startups: 1) If your statistical research shows you with too small a number of prospective members to warrant a new facility, pass and look for a better location out of that area; and 2) You may find a “hole in the market” in a

particular age-group segment.

For already-existent “struggling” clubs, if your statistical analysis shows you with an over-served or saturated market, you need to do some thinking! You may have to find better markets, possibly a better location, or at least go after different clientele than those you have been serving.

The Competitive Analysis

Purpose: To give you a clear picture of your competitors in fitness facilities in your market draw area; to give you the supporting reasons that substantiate success with your project.

How It Helps You: It makes you objectively evaluate each and all of your competitors, what they are doing, how they are doing, what they offer, how they price and what their physical facilities are like.

Who Takes Real Interest In It: You; investors or lenders.

The *Competitive Analysis* really arrives as a combination result of your Local Fitness Market Summary and your Demographic Analysis. If you've done your dummy tours and studied your numbers, you know what the marketplace looks like and whether you have a shot with a new facility or not. In the case of an existing facility, it often helps in re-marketing your present club.

Your Competitive Analysis should state all the reasons why your project will succeed. How will it differ from existing competitors? Or will it just be a newer version of “more of the same”? (If the latter is so, pass on the project...it's success likelihood is greatly diminished.) Are you going to serve a market or markets that no competitors have touched? Or are you going to be in a “wrestling match” for members right out of the gate?

Finally, the Competitive Analysis gives a summation (backed by solid numbers) of why and how your project will succeed.

In recent work with two clients, one found after Competitive Analysis that her



Michael Scott Scudder

original project was too big and sought the wrong markets. She scaled down the original plans to a mini-club size and went after a more-affluent clientele with a personal training approach that has succeeded well in her first six months of operation. The other client discovered two “holes” in his marketplace, but due to an existing large facility in the center of his intended marketplace, is building two express clubs on the more-affluent fringes of the market rather than one larger club to directly compete with the existing facility.

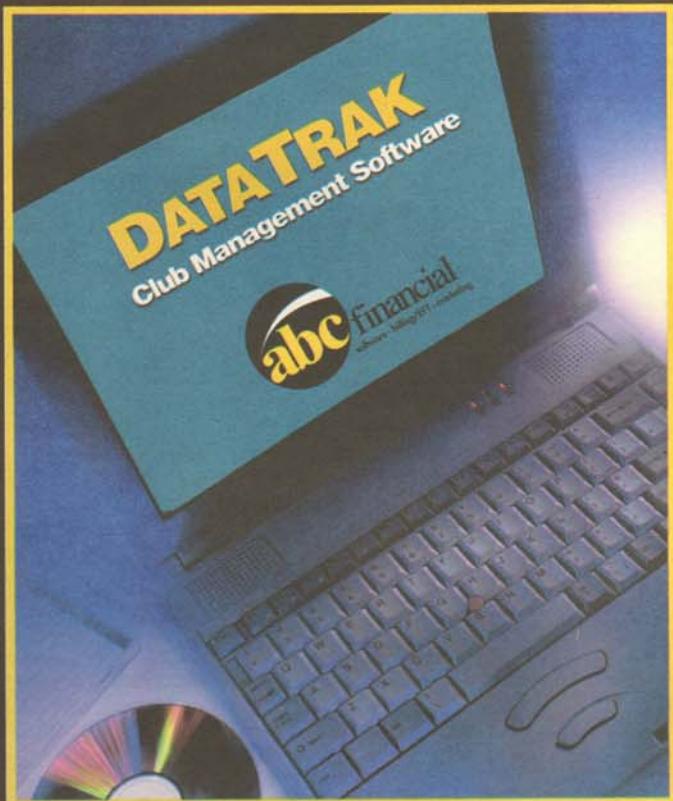
I hope that the preceding information helps you to see the advantages of careful scrutiny of your existing fitness market area, your competitors and your demographics. A handle on these entities is often the difference between success and struggle!

Until next month – MICHAEL SCOTTS CUDDER

(Michael Scott Scudder, a contributing author for “The Club Insider News,” and the subject of the January 2004 “Insider Interview,” is a three-decade veteran of the fitness industry. He heads a club management training company based in Taos, New Mexico and Fort Worth, Texas, offering regional-city one-day seminars and an intensive 2 ½ -day workshop on personal and group training in home headquarters of the Fit For Life Centers in Texas, of which he is a partner. He can be reached at 505-690-5974, by email at scuddertour@direcway.com or at his web site, www.michaelscottscudder.com. Comments and questions are welcomed and encouraged.)

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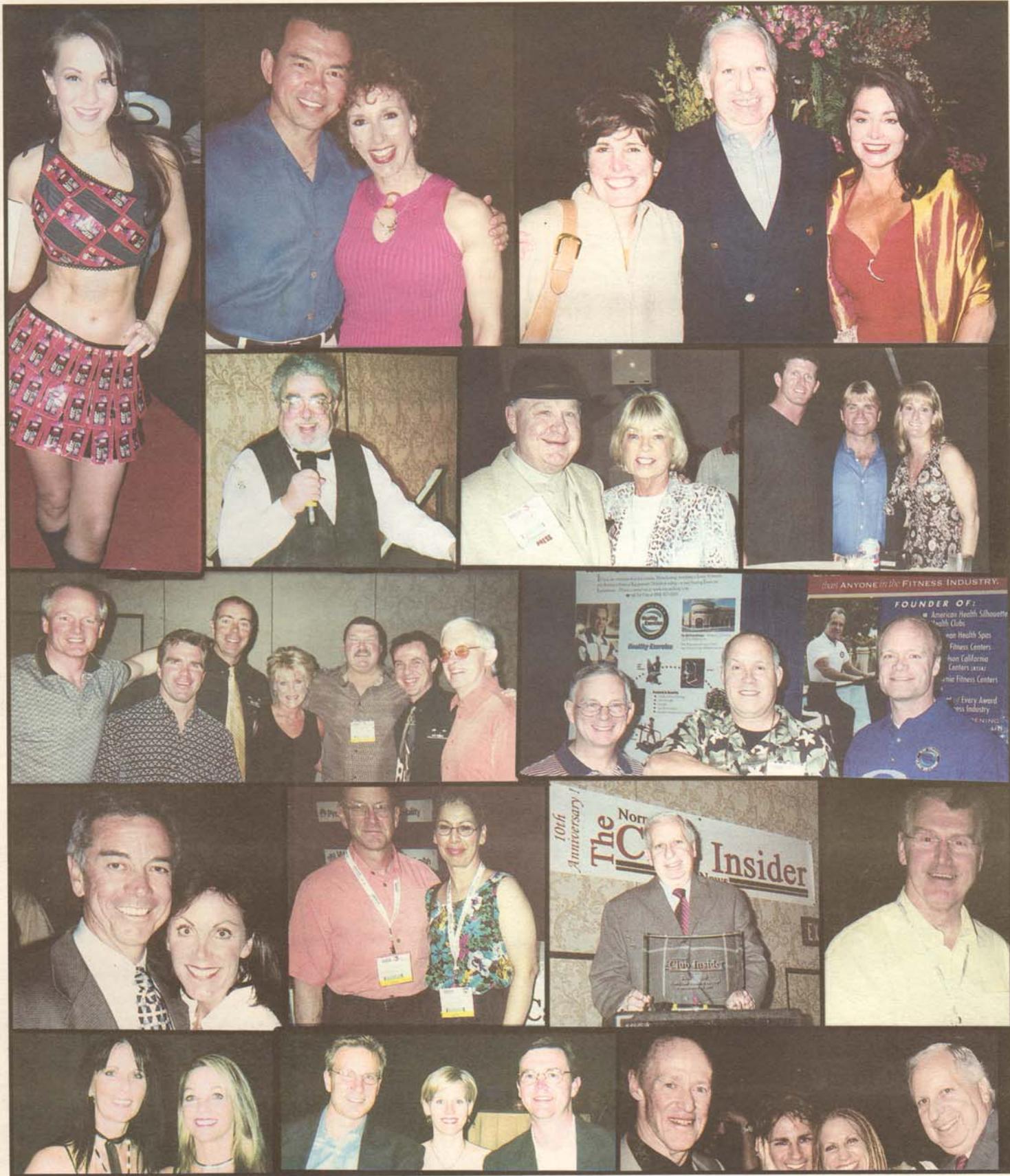
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ACE Presents 2004 Achievement Awards

Personal Trainer, Fitness Director and Group Fitness Instructor of the Year Winners Announced at IHRSA 2004

SAN DIEGO, Calif. - The American Council on Exercise (ACE), America's Authority on Fitness, announced on March 25, 2004, the winners of its 2004 Achievement Awards at IHRSA 2004 in Las Vegas. Awards were presented for

Personal Trainer of the Year, Group Fitness Instructor of the Year and Fitness Director of the Year to publicly recognize the contribution these professionals have made to the fitness industry.

Top honors were awarded to Karen Merrill, ATC, Personal Trainer of the Year; Stephanie Harris, M.D., Group Fitness Instructor of the Year; and Debi Pillarella, M.Ed., Fitness Director of the Year. Each winner receives a \$2,500 scholarship toward continuing education in the fitness industry.

"A skilled trainer empowers individuals to make positive exercise and lifestyle

changes," said Karen Merrill, 2004 ACE Personal Trainer of the Year. "Nothing is more satisfying than seeing the sense of accomplishment on the faces of my clients." Merrill is an ACE-certified personal trainer, ACE clinical exercise specialist and ACE weight-loss management consultant at Gold's Gym in Lake Ridge, VA. She is director of personal training and oversees management and professional development of their personal training team. Merrill has also developed a number of specific training programs for specialized groups including pre/post natal, Osteoporosis and cardiac rehab.

Stephanie Harris, MD, the 2004 ACE Group Fitness Instructor of the Year, said, "I developed a growing love for movement to music and felt that I could bring something different to the group fitness industry. As

a physician, I can present a different blend to my students." Harris is a neurologist who retired from active practice to work full-time in the fitness industry. She is now a group fitness instructor at the In Shape Athletic Club in Eugene, OR. Maintaining a schedule of 10 classes per week, she teaches total body conditioning classes with Step as well as indoor cycling classes. She developed a mature adult exercise program called Seniors on the Move, has written articles for Senior Living, and has provided workshops for seniors through OASIS and PeaceHealth Senior Class.

Debi Pillarella is the exercise program manager for The Community Hospital Fitness Pointe, located in Munster, IN., where she develops, implements and assesses all fitness programs, devises a yearly budget, and recruits, hires and

trains the entire fitness staff. She has presented for organizations such as IDEA and AFAA, and has written fitness articles and books including Adventures in Fitness for Kids. Most recently, Pillarella has developed a youth focused program entitled, Fit Trip for 1st and 2nd graders, as well as Take 5 for Life that targets 5th graders. "Winning this award has been one of the most exciting moments in my life," said Pillarella, the 2004 ACE Fitness Director of the Year. "The accumulation of my achievements as a fitness professional, and now the ability to be honored by ACE for those achievements is truly second to none."

The ACE Achievement Awards were created in 1999. ACE honors fitness professionals who have excelled in the areas of client development, training techniques, successful marketing and revenue

generation.

About ACE

The American Council on Exercise (ACE) is a nonprofit organization committed to promoting active, healthy lifestyles and their positive effects on the mind, body and spirit. ACE pledges to enable all segments of society to enjoy the benefits of physical activity and to protect the public against unqualified fitness professionals and unsafe or ineffective fitness products, programs and trends. ACE accomplishes this mission by setting certification and continuing education standards for fitness instructors and through ongoing public education regarding scientifically sound health and fitness practices. For more information on ACE and its programs, call (800) 825-3636 or log onto the ACE Web site at www.acefitness.org.

ACE 2004 Achievement Award Winners

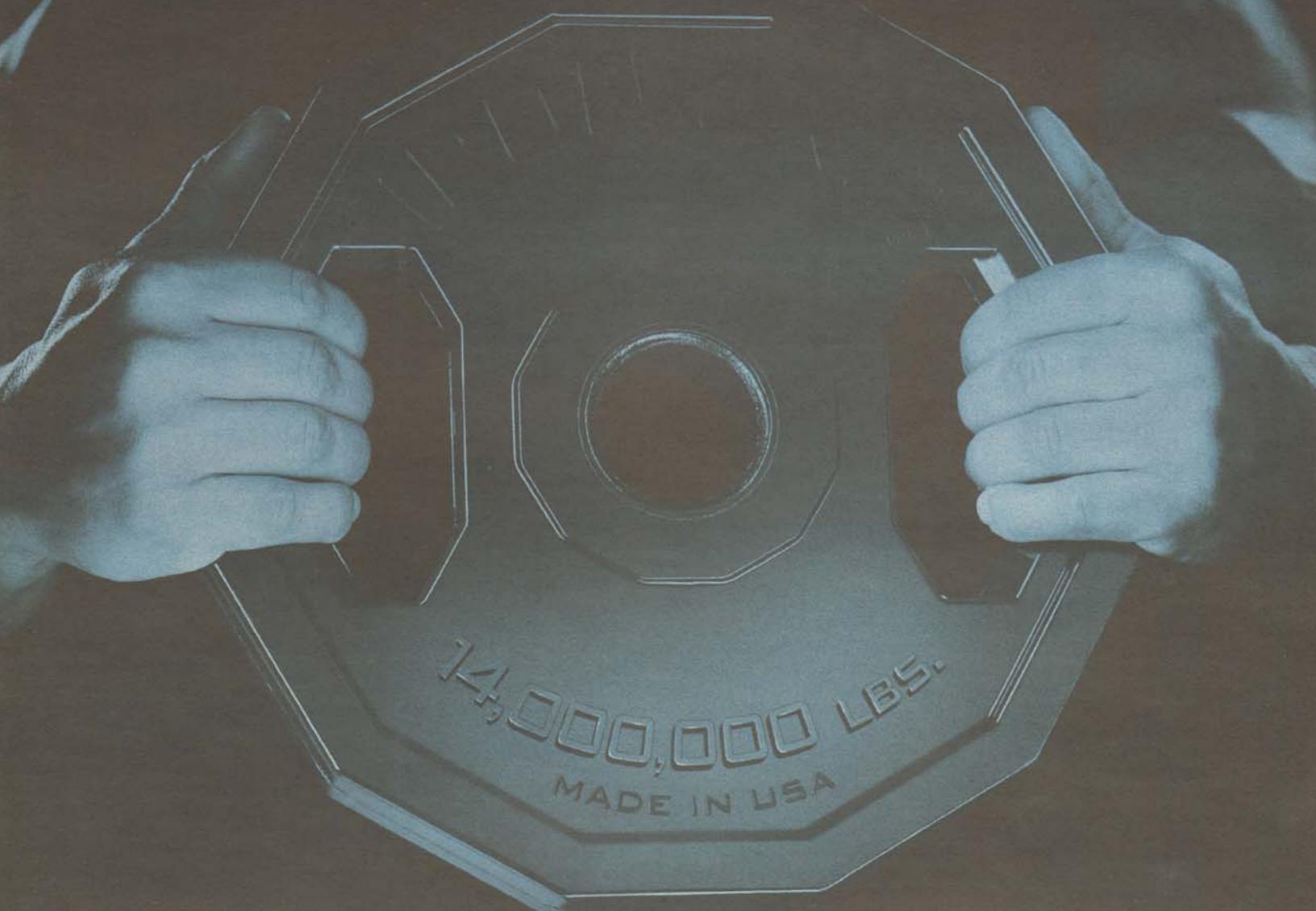


Karen Merrill

Stephanie Harris, M.D.

Debi Pillarella

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Fitness Management Magazine Honors Clubs and Suppliers With Nova 7 Awards

Las Vegas, Nevada - The best of the best clubs in 7 categories and the best of the best suppliers in 7 categories were honored by Fitness Management Magazine during the 2004 IHRSA Convention and Trade Show.

7 Club Award categories included: Facility Design, Construction and Decoration, Fitness Prescription and Assessment, Exercise Incentive Programming, Events, Classes and Community Outreach, Customer Service, Website and New Technology, and Management, Marketing and Sales.

7 Supplier Award categories included: Best Cardio Supplier, Best Strength Supplier, Best Specialized Equipment, Best Computer Technology, Best Flooring and Surfacing, Best Entertainment and Accessories and Best Product of 2003.

The best club winners were chosen by a panel of highly

esteemed judges selected by Fitness Management Magazine and supplier category winners and runners-up were selected by vote of Fitness Management Magazine's readers.

Nova 7 Facility Awards

Best Facility Design, Construction and Decoration:

Winner: Troy Community Center, Troy, Michigan
 Runner-up: Wilmington Athletic Club, Wilmington, N.C.
 Runner-up: Wyeth Employee Health & Fitness Center, Collegeville, Pa.

Best Fitness Prescription and Assessment:

Winner: TELOS Performance Center, Dallas, Texas
 Runner-up: A.H. Ismail Center at Purdue University, West Lafayette, Ind.
 Runner-up: MediFit - UAW/GM Fairfax Body Works Fitness/Therapy Center, Kansas City,

Kan.

Best Exercise Incentive Programming:

Winner: Tap Fitness Center, Lake Forest, Illinois
 Runner-up: Elmwood Fitness Center, New Orleans, La.
 Runner-up: In Shape Fitness Centers, North Haven, Conn.

Best Events, Classes and Community Outreach:

Winner: Gainesville Health and Fitness Centers, Gainesville, Florida
 Runner-up: Community Health Club, San Angelo, Texas
 Runner-up: Gold's Gym, Lorton, Va.

Best Customer Service:

Winner: FitClub West, Springfield, Illinois
 Runner-up: Conway Regional Health & Fitness Center, Conway, Ark.

Runner-up: MediFit - UAW/GM Fairfax Body Works Fitness Center, Kansas City, Kan.

Best Websites and New Technology:

Winner: Faster Fitness, Charleston, South Carolina
 Runner-up: Body Business, Austin, Texas
 Runner-up: Prairie Athletic Club, Sun Prairie, Wis.

Best Management, Marketing and Sales:

Winner: FitClub South, Springfield, Illinois
 Runner-up: Body Business, Austin, Texas
 Runner-up: Cooper Fitness Center, Dallas, Texas

Nova 7 Best Supplier Awards

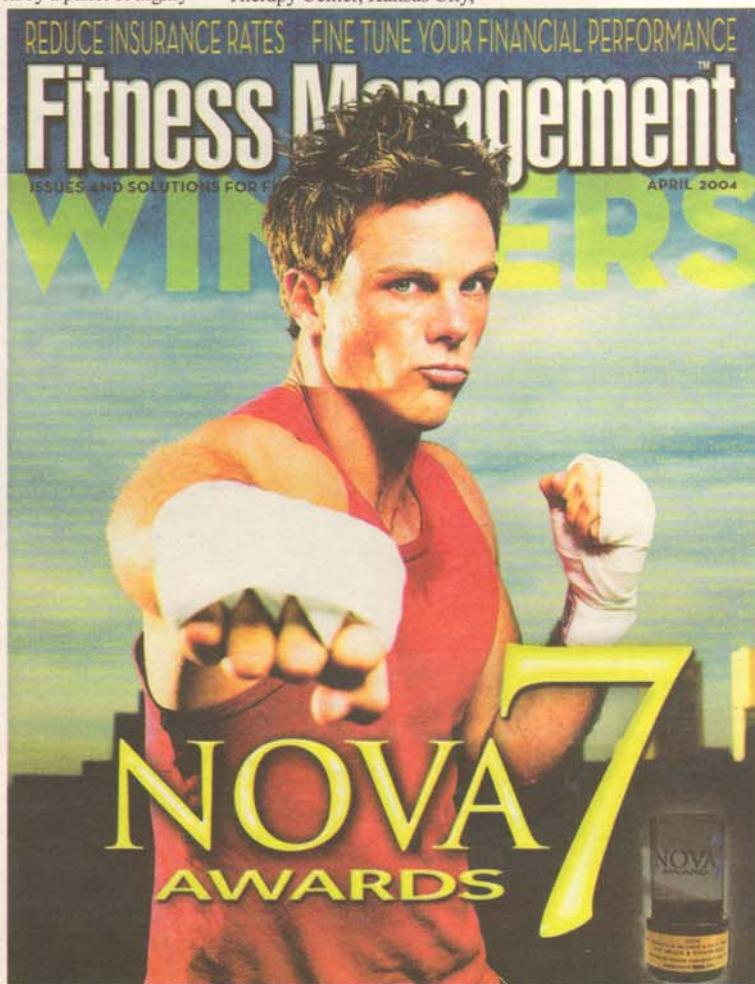
Best Cardio Equipment Supplier of 2003: Life Fitness
 Best Strength Equipment Supplier of 2003: Hammer Strength

Best Specialized Equipment Supplier of 2003: Power Systems

Best Computerized Technology Supplier of 2003: BSDI

Best Flooring and Surfacing Supplier of 2003: Mondo

Best Entertainment and Accessories Supplier of 2003: Cardio Theater



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Doing Business Right

By: Karen D. Woodard

Over the past several years, much has come to the surface about the lack of ethics in corporate America. Paralleling these headlines, our industry has also been revealing a less desirable side of some of our own operators. Is this a new scourge to our fine and blossoming industry? Absolutely not. Questionable, unscrupulous and self-serving club operators have been around for a long, long time. However, based on my experience, they are clearly the minority. In my consulting practice I have the very good fortune of working with some of the most honorable (and

profitable) people in this industry as well as several other industries.

When something surfaces in our industry with regard to questionable business practices, it is usually centered around sales practices. Certainly, that is one area of business for opportunists, but it is not the only area to examine. Let me share the following separate but related insights with you on "doing business right":

□ Business has a function in society, and it is not solely to make money. Our businesses provide the community with something that changes Members' lives as well as Staff's lives. Our Members and Staff trust that what we do will

have a positive effect on them.

□ If indeed, what the business does follows through with that, then our Staff and our Members will support us. If we break that trust then our staff and Members clearly will lose their trust in us and will not support us as a business. Furthermore, those actions do not merely affect that of the single business but other similar businesses in the mind of the Member.

□ "The smaller your business, the less you can get away with. Good business ethics are just as important to small businesses as large ones" says Sam Cassidy, Chairman of Ethics and Legal Studies at the College of Business at the University of Denver.

□ Businesses are built on relationships. Relationships with employees, Members and vendors. Whether you have 10 employees or 10,000 employees each one of those relationships are essential to your business. Do you view it that way and more importantly act in the same manner?

□ Core Values are an effective tool in more solidly and ethically running your business. What are Core Values? They are defined as the values that your business holds near and dear and that guide every intention and every action of every staff person all the time. Core Values are really very similar to the definition of ethics – a set of moral principles

you operate within. Core Values typically fall into four to six categories and can include statements about how you value Member/Staff relationships, staff development, profit, community contribution, service, cleanliness, etc. The benefit of having clearly articulated, simple Core Values and being sure that all staff at every level are clear and abide by them is that you can trust everyone in your business will be making better decisions for the good of the business. Without them, you can end up with staff making up their own rules on how to operate or make decisions. That could be risky.

The concept of core values is not something that is developed and implemented over a weekend retreat – this is a very strategic activity and the process requires an investment of time in both the development and successful implementation.

□ Tell the truth. Maintain complete communication and fully reveal relevant information to staff, Members, stockholders, the press and administrative authorities.

□ Consider the interests of everyone who will be affected by the decisions of the business.

Now is a good time for us to review how every aspect of our business operates from an ethical position and revise where necessary. Are the advertising campaigns for your facility clear and fair to the consumer? Are



Karen Woodard

staff in all departments accurate with the information they are giving Members? Is the way we manage and lead our staff inspiring and based on integrity? These are but a few questions for the constant quest to enhance and maintain the level of integrity that, when it is present, is felt by all. Conversely, when it is lacking that, it is also felt by all in a more glaring manner.

(Karen D. Woodard, President of Premium Performance Training in Boulder, Colorado can be reached at 303.417.0653 or Karen @karenwoodard.com. She has owned and operated facilities since 1985 and has a successful consulting and staff training practice as well as numerous books, tapes, manuals and on-line training programs for your professional development.)

JLR Associates announces the placement of Scott Walters Executive Director Mercy Healthplex

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...Norm's Notes

continued from page 6

entrepreneurs, the unstoppable TONY deLEED coming onboard in the U.K. while he keeps up with the 37 Fitness First Clubs in Australia.

• ED WILLIAMS, TONY deLEED, MIKE MOTTA and LLOYD GAINESBORO have joined IHRSA's Board of Directors, and we extend our congrats to these veterans. You've got a lot of challenges ahead guys, but I've got a lot of confidence in your leadership and judgment and I wish you and the others on the IHRSA Board well. Also, very sincere thanks and best wishes to DEAN WALLACE and SANDY FRANCO as they have completed their service on the IHRSA Board.

• GOVERNOR ROBERT L. EHRLICH, JR. of Maryland, has indicated he will veto a \$670 million tax package that would impose as a "taxable service" a sales and use tax on physical fitness facilities and services. Congratulations for standing up for what is right Honorable Governor Ehrlich!

• WALLY BOYKO, the Publisher of the National Fitness Trade Journal, has announced that in May the Ms. Fitness World '04 contest would be aired on a number of networks. Check out www.msfitness.com for the schedule. And, make plans to attend Wally and Michelle's Boyko's terrific event in Las Vegas, September, 2004. JOHN McCARTHY, IHRSA Executive Director will be honored there with the NFTJ's Lifetime Achievement Award.

• ROBERT FERGUSON and CHRISTA CLARKE are the Co-authors of a book entitled: "Fat That Doesn't Come Back" and the developers of a whole weight loss program and culture. Check out www.wellnessweightloss.net for information on their seminars conducted at clubs. Semper Fi Robert and Christa!

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I've been in the club business for years. I've never seen a health club turn a profit as quick as Thin&Healthy. My Thin&Healthy realized a first month profit of over \$10K! The thing I like most about Thin&Healthy Weight Management is that the systems are set up and when you follow the systems all goes well including the advertising they created. We had 45 calls the first week, booked 40 of them and sold 32!

~Reid Hans, President, EEMIII, Appleton, WI



Most people won't join two places—they will go to either fitness or weight loss but not both. Having Thin&Healthy in my club I am getting both. I really love this—it's a double sale (more money to the bank with paid in full to Thin&Healthy and an EFT membership to my club). I'm doing something I believe in and I'm making great money at the same time. Now with the Life Success System, it's everything everyone needs to change their whole life.

~Julie Nadeau, Contours Express, Brighton, MI

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~Linda and Paul Geyer, Peak Physique, Troy MI



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IDENTIFYING HIGH-RISK MEMBERS

By: Karen K. Kirby

NEWS FLASH!

THE ANSWER TO MEMBER RETENTION: MIND READING

We have recently developed a mind reading system that allows us to know each week who will be canceling their memberships. This system looks into the future and allows us to come in on Monday morning, print a list, hand it out to our team, and go in to our "save the membership" action mode. The front desk has the list so they can greet them warmly by name when they enter the club. The desk person alerts the rest of the team who then walks by and offers

them a towel, some water, and a big smile. We find out if they have kids on the membership and ask about them by name. We tell them about our Kids Night Out program and our Junior Strength Clinics. We ask them if they play golf and offer them a complementary golf fitness session. And the list goes on. If only we knew. *If only we could identify the members at the highest risk for canceling.* Think of the actions we would take to prevent it.

I still have hope for such a mind reading system. Until the future arrives, maybe some hints for identifying "high risk" members will help.

Do you know that the majority of members who cancel have already stopped using your club? Of course you do. Our

goal for today and our plan for tomorrow is to identify those members who will work out today, but there is a good chance this visit may be their last. You might think that I am crazy and that there is absolutely no way to know for sure who, in our club at any given moment, might not come back or might only come back for two or three more times. I would say, "you're right". There is no way to tell for sure. On the other hand, the facts we do know about which members quit and why they quit give us great big clues.

The biggest truth we know about members who quit is that the majority of them are new members. The members who stay around long enough for our team to know them rarely cancel. The front row of the group class doesn't quit. The members getting great results working with personal trainers are not about to stop. Look at the ones that meet their friends each day for racquetball or basketball. You may not know them, but they know each other, so they will keep coming.

Our newest members stop coming because they have so many obstacles to overcome.

They have to find the extra time in their hectic schedule to come to our place. (huge!)

They do not know anyone. (shy)

There is no one there waiting at the club for them. (lonely)

Their kids cry when they drop them off in the kid's room. (guilt)

They feel foolish trying to figure out the machines and all they get out of their workouts are some sore muscles. (embarrassed)

They haven't even lost a single pound. (that's it!) Do we get the picture?

Allow me to introduce you to your high-risk members.

They look out of place

They are easy to spot. Stop what you are doing right now, at this moment, and walk out to your fitness floor. Just look around at everyone. You will see them immediately.

They are on the back

row of the group class—Ask any group teacher. The front rowers are always there, they never miss a class and they do not cancel their memberships. The back

rowers don't know the movements yet; they feel uncoordinated and can't finish an entire class.

They are dressed

inappropriately—This is the most common question I get from people who are new to exercise—they do not know what to wear. They have on low quality sneakers and a brand new t-shirt.

They do not know

anyone—They are not talking to the people around them and probably are not looking up to make eye contact because they feel so out of place.

They ask where the

restrooms are or how to work their locker—Amazing isn't it, that a high risk member will just walk right up to us and ask for help. Unfortunately, too many times we just say it's down the hall and turn back around and continue talking with someone else who is our favorite member.

They are on the

treadmills and bikes instead of the steppers and rowers. They're not running on the treadmill and they are not on the bikes with all their bike gear on.

Their bike seat is probably too low and they can't get the headphones to work.

They carry their

program card around checking to see which exercise they are suppose to do next. I love program cards! They are like red flags. If only we could get them to hold up their card/flag and wave it as if to say, "Look at me. Isn't it obvious that I am new to this?"

They are actually

reading the machine placards.

They look frustrated

and out of shape.

And, my personal favorite, I saved for last—

Their names are listed in our new members



Karen Kirby

appointment books. Yes they are! They might be in for a fitness orientation, a new member orientation or a new member breakfast. We know what exact time to expect them. We can even look at their names just before they walk in for their tryout.

I like the word tryout instead of workout to describe our member's first few visits. In reality, that is the stage they are in. They are still trying us out. Will we measure up?

Now you have met them. You know them and you can look for them everyday. What ever you do to focus on these special members is time and money well spent. Identifying and taking specific actions to stop the "high risk" members from quitting should be a huge part of your operational plan. *Every team member who comes in contact with members, whether on the fitness floor or from an administrative office, needs to be motivated and clear about how to identify and service this "high risk" clientele.*

(Karen Kirby is the President of Health Style Services, Inc. and may be reached at: 210.884.2620 or email: KK Kirby1466@aol.com)

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im'pact *n. collision, resulting effect; consequence, impression*

[the effect of having power over a thing or a person, to exert influence over]

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Terry Brasseale,
Iron Works Fitness,
Huey Town, AL



I've used IMPACT Painting in several of my clubs. I know the Design & Painting are good for business because my numbers increased each time I used them.

Al Phillips, Owner of 5 World Gyms, Chicago, IL

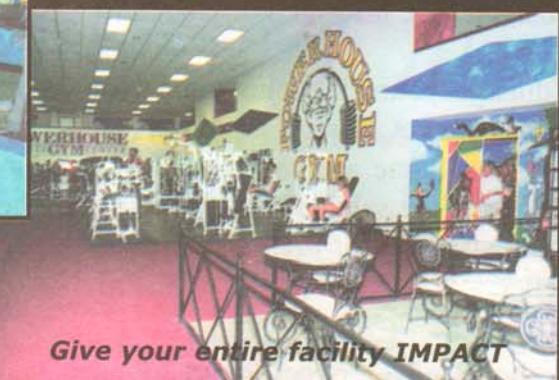
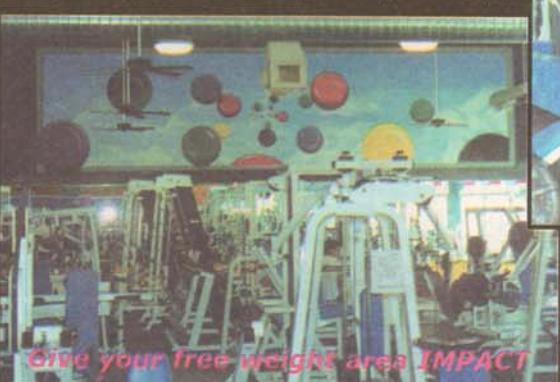
We've used Carlos Dixon and his people at IMPACT DESIGN, Twice... And each time they've come through with "Flying Colors"!

Wayne Kosbie, Owner of Towne Lake Fitness, Woodstock, GA



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Businesses Focus on Preventive Health Care to Combat Obesity

By: Geoff Dyer, President and C.E.O., Lifestyle Family Fitness

According to the Centers For Disease Control and Prevention, 23.7 percent of U.S. adults age 20 years and older were considered obese in 2003. That is an increase of over 4 percent since 1997. As obesity levels continue to rise, the health implications associated with being obese, such as increased risk of high blood pressure and cholesterol, stroke, coronary heart disease, congestive heart failure, diabetes and an array of psychological disorders such as depression, eating disorders, distorted body image and low self-esteem, will exact an even greater toll on society.

The cost of obesity to

U.S. businesses - for health care, sick leave and life and disability insurance - is estimated at \$12.7 billion, according to a recent study in the American Journal of Health Promotion. Another study, in the journal Health Affairs, estimated that cost could top \$30 billion. As a result, company health insurance premiums jumped an average of 13 percent last year, according to the nonprofit Kaiser Family Foundation.

Based on the financial implications of increased health insurance costs, employee absenteeism and decreased employee productivity, many corporations are now entirely funding or partially subsidizing incentives to achieve better health. Measures including

funding or ensuring discounted fitness club memberships for their employees are becoming increasingly common. In fact, The Society for Human Resource Management's annual survey of several hundred employee benefit managers found that 31 percent subsidize or reimburse gym membership fees. That's a 35 percent jump from 1999 to 2003.

A great example of businesses turning to preventive health care can be found in Florida's Tampa Bay area where large and small companies alike are providing their employees with health and wellness education as well as access to fitness facilities. Tampa Bay-based company, Lifestyle Family Fitness, is an active provider of preventive health care to local businesses. Its Corporate Wellness Program saw a 38 percent increase in its corporate client base during the first quarter of 2004. The increased interest in fitness is a welcome trend for Lifestyle Family Fitness.

"Each company we work with has an average of 300 employees. Any time you have the opportunity to positively impact such large audiences with fitness, it's exciting," said Erik Christenson, Lifestyle Family Fitness Corporate Sales Director. "Companies repeatedly tell me they are surprised at how easily they can add value to their employee benefit package while decreasing employee expenses and downtime - all in one simple step. Our Corporate Wellness Plans are the ultimate win-win scenario for businesses and their employees."

Companies can tailor wellness offerings to their employees by choosing from one of three different Lifestyle Family Fitness programs including the Capitation, Payroll Deduction and Online Program. Each program allows corporate members to offer their employees access to the complete network of 18 Lifestyle Family Fitness facilities located throughout the Tampa Bay area.

With the Capitation Program, the employer pays for 100 percent of the program and all employees receive a Lifestyle Family Fitness membership. The Payroll Deduction Program is slightly different in that it allows companies to offer their employees subsidized gym memberships. Companies set the amount of the deduction and any



Geoff Dyer

employee wishing to have a membership simply pays the remaining amount. The Online Program gives employers a way of providing their employees with access to Lifestyle's fitness facilities and health and wellness education at a discounted rate from the retail price.

In order to participate in any program offered by Lifestyle Family Fitness the company must promote the program to its employees on a regular basis using payroll stuffers, on-site wellness presentations or company-wide e-mail communications. The key to the success of our program is the HR Director who acts as the communicator to the employees. This person becomes an extension of our sales team.

Lifestyle Family Fitness also provides an educational component with each program. Companies choosing the Online Program gain access to health and wellness information and updates through the Lifestyle Family Fitness website www.LFF.com.

Companies choosing the Capitation or Payroll Deduction Programs can pretty

much determine the format of their educational component. We help them put together an educational plan that will be the most effective for their organization. For instance, if they want to offer their employees health and wellness seminars complete with guest speakers, we can arrange that for them," said Christenson.

Many companies and organizations are just now realizing that fitness is important business and that having a healthy workforce is essential to stay competitive.

(Lifestyle Family Fitness offers month-by-month memberships with no long-term contracts. Existing Lifestyle Family Fitness clubs are in Hillsborough, Pinellas, Polk, Sarasota, Manatee and Orange counties in Florida. Each of the 18 locations, which currently have over 75,000 total members, offer a wide variety of fitness equipment, classes and related amenities that help "Bring Your Body To Life." To learn more about Lifestyle Family Fitness please call 727-456-3100 ext. 4076 or visit www.LFF.com.)

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Thank You

The 10th Anniversary of The **CLUB INSIDER** News Celebration and "Tribute to Ray Wilson" in Las Vegas was a fun time for all. Thanks to all of you that attended. I also want to congratulate those that attended, because you hearty souls were the "last ones standing" on that Wednesday night after an event packed three days of IHRSA Convention and Trade show activity. I enjoyed celebrating with you all.

Ray Wilson and Dale Dibble were honored at our 10th Anniversary Celebration with the presentation of the first ever, "Health Club Pioneer of the Year" Awards by The **CLUB INSIDER** News. These two wonderful men have made an indelible and historical mark on our terrific industry and we say **Thanks Ray and Dale!** Rick Caro received the Award on behalf of Dale Dibble.

There are many others that I would like to thank. **Thanks and sincere appreciation to:**

● **All of you** that read The **CLUB INSIDER** News and give us feedback, in agreement or disagreement, with what we publish.

● **10th Anniversary Celebration Sponsors:** CheckFree Health & Fitness - **Platinum**

-**Gold Sponsors** - Body Training Systems, Thin and Healthy Weight Management, Inc. and Health Club Panel Network - Mr. Gene Lederer.

-**Silver Sponsors** - Sales Makers, JLR Associates and Retention Management.

● **Our Advertisers** - I cannot say enough thanks, nor express enough appreciation, to all of our advertisers for the **past 10 years!** Without their strong support, this work called The **CLUB INSIDER** News would not have happened. I urge you all to review all of the ads in this publication and in past issues and make contact with our advertisers. The club industry is blessed with an array of great services and products provided by our advertisers in this and previous publications and we thank them all.

● Thanks to **ALL** of our **Contributing Authors** over the years. You folks have "**delivered the goods**" each month and I have received **countless positive comments** about your hundreds and hundreds of great educational articles. And, thanks to our over 100 **Cover Subjects** whose great success stories we've chronicled. **You all are the best of the best!**

● **IHRSA** - I want to thank **John McCarthy** and his terrific "**Team IHRSA**" for all of the hard work that they do year round on behalf of the industry. And, I want to thank IHRSA for its help and support of The **CLUB INSIDER** News over these past 10 years. While I am currently in the process of illuminating some concerns that I and many others have with IHRSA's standards and code of conduct issues, I can only say that a better and stronger IHRSA will emerge. We are **all fortunate** to have such an industry Association and I still remain **IHRSA's #1 Supporter**, even though we must and will continue our editorial effort to correct some matters. Overall, IHRSA is well directed, well managed and extremely well staffed. We say simply "**Thanks to John McCarthy and Team IHRSA**."

● **WALTON PRESS** - thanks here would not be complete without acknowledging Walton Press, a 103-year old company, for their always terrific work.

● **RICK CARO and the Faust Roundtable #1** - thanks so very much to Rick and those of you on **Roundtable #1** that helped conceptualize, develop the Mission Statement and roll-out The **CLUB INSIDER** News 11 years ago.

● Sincere thanks to my terrific son, **JUSTIN CATES**, my Dad, **Norm, Sr.** and his wife **Louise**, and my brother **David**, for their undying support and encouragement through our start-up right up until this edition.

● Finally, I want to say thanks to my good friends, **RON HUDSPETH and CATHY BROWN**, Publishers of Atlanta's "**Hudspeth Report**." Were it not for their help for 8 years, I would not be writing here today. And, thanks to Cathy for selling that computer to me for \$100 in 1993. It was a great tool that carried us through our first two years!

State of the Industry

Never, in the 60 year history of the health, racquet and sportsclub industry, has our industry been in better shape and **more poised to explode onto the worldwide scene**. The U.S. club industry has survived the "**Spa Wars**" era of the 1950's and 60's, the "**conversion**" (of racquet sports space) era of the late 1970's and 80's and the "**big box**" era of the 1990's and early 21st Century. Now, the industry moves forward with a huge thrust provided by the behaviors of millions of Americans that have landed many of them in a "high-risk" category due to health issues associated with obesity. In fact, there is a raging epidemic and a huge opportunity for the club industry stemming from it. **Our industry is just at the start of a true "sea-change".** Millions and millions of people are right now in the early stages of **revival of their souls, minds and bodies**. A revival that I miraculously personally experienced and stepped up to enjoy. I "**Made-The-Break**" with a 180-degree "**Renaissance**" of my mind, body and spirit and I sit here today thankful to **God Almighty** for giving me the strength and will to "**Make-The Break!**" and totally change my lifestyle for the better. And, I have **made up my mind to be a force, along with all of you**, in helping all Americans and others around the world produce a 180-degree change in their lifestyles. Thus, the ongoing development now of our new CIN "**Consumer Edition**" (See pg #29). In your clubs around the world, you all **"Make-A-Difference"** in millions of lives everyday. You are to be **congratulated and thanked** for what **you do for society**.

The "**State of the Industry**" will continue to get **better** and **better**. But, at the same time, **all people** in our industry, from the Chairmen and CEO's, to the lowest ranking club industry worker, must be acutely aware of the following fact: **"Our industry sits on its greatest opportunity in history. Each day that goes by means that more and more "Consumer Eyes" will be looking at our industry for the first time. And, millions of others will be coming back to 'take another look at us.'** Therefore, we, as an industry, must be on our "**Best Behavior**." Because it is that **exemplary behavior in our communities as club owners and operators** that we will **win the battle for Consumer Minds and Bodies and Spirits, one person at a time**. If just one individual, representing one club company, large or small, **steps out of the bounds of legal and ethical and moral behavior**, that one individual will be **holding back all of the 23,500+ health, racquet and sportsclubs**. And, all of our **prospects of winning new and former "Club Members"** will be **held back**. We all must realize that "**WE ARE ALL IN THIS TOGETHER!**" And, together, as a club industry group with the same mindset, we will prevail. But everyone must remember this: **The eyes of the world are upon us! We all must be on our "best behavior!"**

(Norm Cates, Jr. is a 31-year veteran of the health, racquet and sportsclub industry and the Publisher and owner of The **CLUB INSIDER** News. Cates was a Co-founder of IHRSA and the 1st President of the Association in 1980/81. In March, 2001, Cates was honored with the first **IHRSA Distinguished Service Award** named after Dale Dibble. Cates may be reached by email at: clubinsidernews@mindspring.com or by telephone at: 770.850.8506).

Norm Cates'

THE Club Insider

NEWS

Consumer Edition

"You Must Train Your Mind To Train Your Body"

The CLUB INSIDER News CONSUMER EDITION

Pre-enrollments Are Rolling !

By: Norm Cates, Jr.

The CLUB INSIDER News March edition carried a full-page ad on page #4 announcing our new *Consumer Edition* publication. During the past 10-years and four months, we've published and delivered hundreds of thousands of issues of The CLUB INSIDER News. As you may know, The CLUB INSIDER News (CIN) is targeted at club owners, general managers and others that work in the health, racquet and sportsclub industry. Normally, your members do not see or read The CLUB INSIDER News unless you give a copy to one of your members or make copies of one of our articles and give it to them.

The CIN *Consumer Edition* will be a new publication targeted at your current and former members. The cover will show The CLUB INSIDER News masthead with *Consumer Edition* and our "Motto" just as shown above. The CIN *Consumer Edition* Mission Statement is: "To provide health, racquet and sportsclub members in North America with positive member educational tool. The CIN *Consumer Edition* will help you motivate your members, through education, to get better results from their club membership. This will bond them to your club, increasing member retention, new member referrals and 'Alumni' re-joins." And, I might add, help increase your club's bottom line.

The CLUB INSIDER News *Consumer Edition* Motto is: "You Must Train Your Mind To Train Your Body."

This Motto has been adopted because I am a living example of what can be done if you "Train Your Mind To Train Your Body." 3 1/2 years ago I was not living a healthy lifestyle and it showed. On November 26, 2000, I dedicated my mind, my heart and my soul to the goal of making a 180-degree aboutface in my own personal lifestyle. I achieved my 180-degree life style change by using my "3-D's". I dropped consumption of sweets, pasta, bread, potatoes and rice. I dropped consumption of all forms of alcohol. And, I dropped my sedentary lifestyle; I exercised every day (And, still do). These changes worked and I lost over 100 pounds in 18 months and for the last two years, I have worked hard everyday on "weight and fitness maintenance".

The *Consumer Edition* will assist you in your club's always-ongoing effort to bring inspiration to your members. Specifically, our Cover Stories each month will be on fitness and health success stories about selected health club members from clubs across North America. Our Cover Story goal each month will be simple: member motivation and inspiration. Then, each month, after they've gained motivation and inspiration from our Cover subject(s), they will gain more and more knowledge through our excellent "how to"

articles written by experts. Each new month of the *Consumer Edition* will help you re-energize your inactive and/or low-user members, the one's that are most likely to quit, by getting them moving and helping you provide them with greater dedication and action necessary to achieve their lifestyle goals. Each edition will also give your "regulars" even more value from their club membership.

The CIN *Consumer Edition* Business Plan Overview

Eight years ago, I took my idea for the then unnamed CIN "Consumer Edition" to my Faust #1 Executive Roundtable. These are the same people that helped me create and develop The CLUB INSIDER News 11 years ago and some of the same people with whom Rick Caro and I co-founded IHRSA with in 1980. My roundtable friends candidly said to me, "Great idea Norm, but you are not ready yet. Keep on plugging on The CLUB INSIDER News, and maybe one day you will be ready to produce this new publication." Well, I have waited and now we've been publishing The CLUB INSIDER News for over 10 wonderful years!

We have embarked on an exciting "journey"! And, this "journey" will require all I have learned about publishing in the past 10 years, plus a lot more. I also plan to utilize everything I have learned during the 21-years I spent as a club developer, owner and operator before I became engaged in publishing. I intend

to exert the same level of focus, love, dedication, spirit, energy and devotion to make the *Consumer Edition* a great success for you and your members and a publication that you and they will look forward to receiving and reading each month. I, assisted by my #1 Man, my son Justin Cates, will also continue publication of The CLUB INSIDER News for you all, month after month.

In respect to the *Consumer Edition* business plan, here is where we are at this time:

1. Advisory Board- I am assembling an Advisory Board of veteran club business individuals to assist in developing and evaluating the *Consumer Edition* start-up business plan and to provide guidance on the CIN *Consumer Edition* launch during the next year and beyond.

2. Faculty Director- I will be searching for and hiring one individual whose sole job will be recruiting authors and working with the monthly educational editorial content of the CIN *Consumer Edition*. This person's only goal will be to find excellent authors who write educational articles that will help your members achieve better results through learning and motivation. We believe, and we will direct a significant amount of time and effort to support this belief, that our *Consumer Edition* articles must be 'fresh', unique, motivational, inspirational, energizing and *fun* to read so that the CIN *Consumer Edition* achieves our Mission and our Motto as stated above.

3. Printer's Involvement- We have reached out to Walton Press, our excellent printer since we began publishing in 1993 and have sought their help in the development of our business plan. Walton Press, a 103-year old company, is outstanding, and we are looking forward to moving to the next level with them.

4. Advertising marketing and sales- Your members will receive the monthly CIN *Consumer Edition* at *no cost* to your club. That will be achieved by direct mail to your members and using "In-club" distribution of the publication (See Dividend plan outlined in #5 below). However, as always, I want you to understand me clearly. The "In-club" distribution copies will be made available to club members without cost to the club. The direct mailing distribution to all of your existing club members will cost an estimated 33 to 35 cents per month per member account. Delivery to all your members through direct mail will require an initial, *reimbursable* quarterly investment (paid monthly) to mail a copy of the *Consumer Edition* to each member account during our first three months of publication. This first quarter mailing cost will be reimbursed (See Below).

5. The "Club Distributor Advertising Dividend Plan" is a revenue sharing plan. Each quarter, we intend to *GIVE BACK*, after our expenses are

(See *Consumer Edition* Page 30)

'Go Platinum' with Body Training Systems

March 29, 2004 — ATLANTA, Ga. — Body Training Systems® (BTS), leading providers of Group Fitness programs recently launched "Platinum" status, which recognizes licensees for delivering World Class Group Fitness. By achieving Platinum status, facilities have exhibited a commitment to utilizing BTS management, programming, training and marketing systems. As a result of this commitment, these facilities are achieving greater financial success.

"Since we began working with BTS five years ago, we have acquired over 1500 new members and have generated \$1 million in additional revenue," stated Gordon Johnson, owner of three Gold's Gym facilities that have gone Platinum. "We have also saved nearly \$100,000 in capital investments during our first two years with BTS."

BTS anticipates as many as 300 health facilities will go Platinum during 2004. In order for

health facilities to qualify for Platinum status, they must regularly offer five BTS programs. BTS branded programs include: BODY PUMP®, BODYCOMBAT™, RPM®, BODYSTEP® and BODYFLOW®. Facilities must also attend one BTS Group Fitness Management (GFM) Seminar and submit details of their success in utilizing the BTS management, programming, training and marketing systems.

As a result of going Platinum, owners receive Platinum marketing materials to display in their facilities, exposure in industry press, access to exclusive Platinum resources on the BTS website and the financial tools to benchmark their success against an index of all Platinum facilities.

BTS is a division of The STEP Company®, creators of The Original STEP. In 1997, The STEP Company launched Body Training

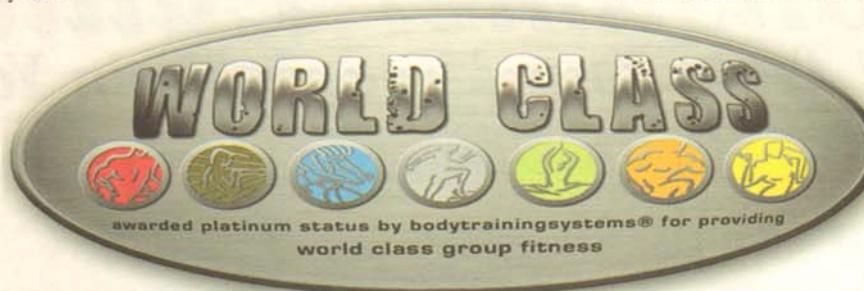
Systems, the U.S. and Canadian distributor of licensed Group Fitness programs developed by Les Mills International of Auckland, New Zealand. In the U.S. and Canada, more than 10 million people participate in BTS classes each year in over 1,000 health facilities.

"We instituted Platinum to recognize our customers' commitment to delivering World Class experiences to their members," commented Terry Browning, President of Body Training Systems.

are able to more effectively service their members, increasing their membership referrals, sales, retention, and most importantly, their profitability."

About Body Training Systems

With over 15 years of experience, BTS is recognized throughout the fitness industry as the leading provider of Group Fitness programs. Headquartered in Atlanta, GA, BTS is the U.S. and Canadian distributor of licensed Group Fitness programs developed by Les Mills International of Auckland, New Zealand. BTS is committed to delivering World Class Group Fitness management, programming, training and marketing systems to health facilities, instructors and participants. For more information, visit the BTS website at www.bodytrainingsystems.com.



...Consumer Edition

continued from page 29

met, a percentage of our advertising revenues to our Club Distributors of the *Consumer Edition* who choose both the In-club and Direct Mail distribution options. At a minimum, this revenue sharing plan will offset all direct mail costs by those who select both distribution options (In-club and direct mail). Beyond offsetting Direct Mail postage costs, the *Consumer Edition Dividend Plan* could result in additional revenues to clubs beyond covering Direct Mail costs. Such dividends will be calculated using the actual Direct Mail and "In Club" Distribution numbers.

The Press Will Not Roll Until We Reach One Million Enrolled Members For Direct Mail

We do not intend to roll the presses until we have one million club members for Direct Mail enrolled. I do want to reemphasize, right here from the beginning, that a small investment in direct mailing cost of 33-35 per copy of the *Consumer Edition* will be required. But, the business plan calls for that cost to clubs to be reimbursed. The direct mail number of one million is our kick-off target and will be necessary because Fortune 500 advertisers will require audited circulation numbers, and those audited numbers may only be achieved and verified by U.S. direct pre-sorted mail. These audits weigh heavily in prospective advertiser decision-making, and the Direct Mail Circulation will be the only numbers upon which they make their decisions. We encourage all Club Distributors to use both distribution

options, In-club and Direct Mail, in order to qualify for the Club Distributor Advertising Dividend Plan.

CIN Consumer Edition Distribution Pre-enrollments Are On the Way To One Million Members!

Through the *Consumer Edition*, your members will receive better results from their membership in your facility. We believe those results will translate into more and more success for your clubs as we deliver the CIN *Consumer Edition* across the country. To work initially, and over the long haul, the CIN *Consumer Edition* must be a WIN-WIN and work for you and your members, and importantly, for our advertisers.

At IHRSA Las Vegas, we launched our Pre-enrollment of clubs to become CIN *Consumer Edition* Distributors, and we invite you to Pre-enroll your club at this time with no obligation. We will not Roll the Presses until we have reached the goal of 1 million Direct Mail club members enrolled across North America. This is a big undertaking and we need your help.

I am pleased to inform you that by April press time, we've pre-enrolled over 65,000 members through signed, but non-binding distributor interest statements. We invite you to Pre-enroll your club(s) right now by completing the NON-BINDING form below and faxing or mailing it back to us.

Join The CLUB INSIDER News "Consumer Edition" Distribution

The CLUB INSIDER News

"Consumer Edition"

Distributor Information and Pre-Enrollment

Norm, sign me up now. I am pre-enrolling knowing I have no obligation whatsoever. I have provided my name, club name, address, phone #'s, total # of clubs and total member numbers below. I understand that you will keep my member numbers, requested below, totally confidential and that you will be using my club member total numbers **ONLY** for the purpose of a total "CONSUMER EDITION" CIRCULATION # for the recruiting of advertisers for the publication. I also understand that the advertising will fund production and printing costs of the "Consumer Edition" so that I may distribute it at no charge (except for the Direct Mail postage) to the club for the monthly publication.

Name: _____

NOTE: This is NOT a subscription form.

Club Name: _____

Number of clubs: _____ Approximate # of members: _____

Address: _____

Phone#: _____

Fax#: _____

Email address: _____

Club Website: _____

City, State, Zip Code: _____

Signature: _____

Date: _____, 2004

MAIL OR FAX TO:

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Team Today! We Invite You To Pre-enroll Your Club Without Obligation.



INFORMATION REQUEST

If you would like to receive information from or be contacted by advertisers in this issue just clip or photocopy this form, mark the block(s) of the respective companies, complete the information requested in the blanks and fax to the number shown.

____ Please mail information to me ____ Please contact me at the number written below

Name: _____

Club or Company Name: _____

Address: _____ City: _____

State: _____ Zip: _____

Phone #: (____) ____ - ____ Fax #: (____) ____ - ____

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body**training**systems.



GOT PROFITS?



"Body Training Systems accounts for 1500 new members and \$1 million in revenue that we didn't have before. In addition, we avoided about \$100,000 of additional investments in capital equipment over the first two years with BTS."

- Gordon Johnson, Gold's Gym Owner



"In just three years with Body Training Systems, annual revenues increased by \$1.2 million and our earnings increased by \$400k."

- John Bonica, Global Fitness Owner



"In only 7 months, BTS has reinvented Group Fitness programming at WOW! We have experienced more than a 300% increase in class participation and more than a 25% increase in guest traffic across our seven clubs."

- Stephen S. Roma, WOW! Work Out World Owner/Chief Operating Officer

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The Core workout is delivered through a series of bio-mechanically precise exercise machines specifically designed to target, isolate and strengthen spinal muscle groups. Or to promote and improve flexibility. The Core Spinal Fitness System is unique, patented and a direct descendent of the most technologically advanced medical rehabilitation equipment in the world.

Whether you're a fitness club owner or personal trainer, a demanding coach or rehabilitation specialist, The Core Spinal Fitness System by MedX can give you a competitive edge. Because at the core, you're just going to be stronger.

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