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THE Club Insider

NEWS

The Pulse of the Health, Racquet & Sports Club Business

MAY 2000

VOLUME VII NUMBER 5



L to R: Ray Gordon, Eddie Tock & Lyle Schuler

THE SALES MAKERS

MASTERS OF CLUB MEMBERSHIP SALES

A person is shown from the chest up, wearing a large over-ear headset. They are looking at a large computer monitor. The monitor displays a vibrant image of a person rappelling down a rope against a blue sky and mountains. The monitor is part of a larger piece of equipment, likely a gym machine. The background is a soft, out-of-focus blue.

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THE Club Insider

NEWS

The Pulse of the Health, Racquet & Sports Club Business

THE SALES MAKERS

Masters Of Club Membership Sales

By Norm Cates, Jr.

The Sales Makers story is one of the really good ones in the health, racquet and sportsclub industry. Over the past 20 years the Sales

Makers Team of Ray Gordon, Eddie Tock and Lyle Schuler have had award-winning success with over 525 clubs, including 102 presales. That translates into hundreds of thousands of new memberships. During that time they have trained and mentored thousands of sales staff members and

hundreds of sales managers. Sales Makers, regarded as 1 of the top consulting companies in the industry today, is credited with bringing a higher level of professional selling to the club business. They are a team of dedicated Sales & Management Consultants committed to increasing

membership sales and club owner profitability by delivering the highest quality of staff training, proven systems and innovative marketing programs. Sales Makers' services benefit primarily 3 club scenarios: #1. Club owners experiencing the pinch of increased competition who

need to be more competitive; #2. Club owners recognizing their profits could and should be stronger and want to take their sales to the next level; and #3. Club owners opening their first club and/or existing club operators expanding or opening an additional club.

(See Sales Makers page 10)

Stein Named CEO At E-Zone Networks, Inc.

Interactive Media Network Tabs Warner Bros./StairMaster Marketing Executive

Calgary, Canada - Michael Stein, who spearheaded StairMaster Inc.'s U.S. sales and worldwide marketing strategy, has joined E-Zone Networks Inc. as Chief Executive Officer. He assumed responsibility for all aspects of E-Zone operations on May 1, 2000. Current E-Zone Chairman & CEO, Robert W. McKenzie, became Executive Chairman and Eric Hobson remained President and Chief Operating Officer.

"Mike's experience in both the entertainment and health and fitness industries, coupled with his sales, marketing and brand management background convinced us that he will make significant contributions to E-Zone Networks," said McKenzie.

VAST OPPORTUNITY

"Simply put, E-Zone builds its business around the needs of fitness facility operators and their members, and that is why our network is the fitness industry's interactive media miracle with an infinitely expandable future. We are revolutionizing the entire fitness

industry paradigm by offering compelling entertainment, training and education products making exercise more productive and enjoyable. At the same time, advertisers and content providers are embracing the network because it targets the elusive active lifestyle community. E-Zone's convergent technology architecture delivers the best of the wired world to targeted communities of individuals, who initially are millions of fitness facility members," said Stein.

EXPANDING E-ZONE'S MARKET REACH

E-Zone is the largest private interactive media network. E-Zone's new state-of-the-art terminal (introduced at IHRSA 2000) provides on demand audio and video entertainment, training and educational programs, personal fitness tracking, as well as full-internet access to all users. E-Zone's innovative network architecture built with vendors IBM, Dell, and Intel allows the network to provide compelling content and more network prod-

ucts than competitive Internet appliance systems. In the short time since its debut in Spring of '99, E-Zone has installed significantly more terminals than its nearest competitor. E-Zone's current projected growth rate is astounding, with more than 250 fitness facilities with more than 9,000 terminals already installed in all major US metropolitan areas. E-Zone's installation rate for the year 2000 will average 20 facilities per week allowing for a potential 35,000 terminals and a network viewer base in excess of 4 million active lifestyle consumers. Another distinct advantage over the competition is the network's compatibility with the industry's leading product category - treadmills. With superior technology and management expertise, leading fitness facility endorsements and strategic alliances, E-Zone is certain to continue its tremendous growth.

BRANDING EXPERTISE

Stein brings extensive branding and management

skills to E-Zone. As Sr. Vice President of Sales & Marketing at StairMaster, he helped to reorganize the company and develop a new vision, strategy and culture, which has firmly established it as the leading global fitness brand. In the process, Mike managed the company's entry into new markets, such as the aggressive plan to develop and market products directly to consumers, its recent entry into group cycling with the LeMond RevMaster, and the successful launch of a commerce-enabled and B2B web site.

Prior to StairMaster, Mike was instrumental in launching Warner Bros. Sports Licensing division, which generated \$70 million in retail sales in its first three years. He developed the division's overall business plan, established sales and marketing strategies, built retail relationships and secured celebrity endorsements. Furthermore, he constructed many synergistic relationships within various Time Warner Turner companies to grow the division.



Michael S. Stein

ACTIVE LIFESTYLE CONTACTS

Before joining Warner Bros., Mike founded Pro Sport, a sports management firm in Southern California. As President, his responsibilities included negotiating professional athlete contracts as well as their endorsements, licens-

(See E-Zone page 12)

Inside The Insider

- Joe "The Gladiator" Moore Battles Rec Center
- Meet Mr. Toshikazu Saito
- Downtown Milwaukee YMCA Told To Pay
- Bob "Mr. Inspiration" Wieland
- The CLUB INSIDER World View
- Jack LaLanne Feats

E-Zone Surges Past 10,000th Installation

In its record-breaking roll-out, E-Zone, the entertainment and education fitness center network, surged past the 10,000 terminal installation mark

in early May.

Currently outfitting 20 facilities per week with an average of 35 terminals per facility, E-Zone anticipates 30,000 installations (viewer base -4-million-

plus) by the end of the year.

Clients include: TCA, TSI, ClubCorp, Crunch, Gold's Gym Investments, World Gyms, Powerhouse Gyms, The Fitness Company and Club.

Award Winning Success with Over 450 Clubs including 80 Grand Openings and Pre-Sales

Gold's Gym (IN)	104% Increase	Lynne Brick's Women's Only (MD)	Pre-Sale
Court Sports I & II (NY)	30% Increase	Westlake Sport House (CA)	30% Increase
Greenville Racquet & Fitness (SC)	40% Increase	Bel Air Athletic Club (MD)	20% Increase
Spa At The Fountainbleau (FL)	31% Increase	Just to mention a few

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• NORM'S NOTES •

•JOE MOORE is the Founder and President of a chain of clubs in Ohio called **Moore's Fitness Centers**. I've got a new nickname for Joe. That nickname is "The **GLADIATOR**." You might wonder why I've put this new moniker on Joe. Well, if you haven't seen the new movie **Gladiator**, you need to see it. It is quite simply a terrific piece of filmwork. The reason I've nicknamed Joe Moore The "Gladiator" is that in the health club world he is a lot like Maximus in the movie **Gladiator** in that he just keeps on taking on battles and continues to win them. In his community he has successfully fought off a huge non-profit hospital health club and has led the fight in the State of Ohio to eliminate the sales tax on health club memberships. Now, he is taking on a huge non-profit tax-funded public recreation center that has been proposed in his community. Check out the article that begins on page #7. Joe Moore has spent countless hours working on this one battle and has created a blueprint that others across America may use in their battle to stop public recreation departments from building huge community fitness centers in markets already well served by the private-tax-paying commercial health clubs. Joe's article is really a very in-depth letter to a local politician and it is well done. We are going to have a Cover Story on Joe and his career in the next couple of months. Good luck to Joe "The Gladiator" Moore as he fights for what is right in Ohio and helps others across the country fight the fight.

•Speaking of non-profit competition, don't miss our editorial and full page ads on pages 22 and 23 that argue for the idea of taxing the YMCAs of the USA. We are beginning to see some very positive results in that battle in a number of areas across the country including Milwaukee and Pittsburgh. See pages 12 & 22. Clip and copy the full page ad and post it in your club. Also, read the step-by-step plan of action to get this message out in your market. If you own a commercial health club anywhere you could easily be forced

to play on the unlevelled playing field enjoyed by non-profit YMCAs, JCCs, public recreation departments, hospitals and universities across the land. And, if you just sit there, you could easily be run over and run out of business by these institutions! So, do like Joe Moore and **DO SOMETHING! FIGHT BACK!**

•There are 4 big club deals out there that have been in the heavy negotiation stages for months. They are the **Spectrum Clubs** and other groups attempting to buy the mega-club chain, **Club Sports International (CSI)**, **TONY deLEEDE's Australian Body Works** in Atlanta is being sought by **CHIN YI** of **LA Fitness**, **Town Sports International** is pursuing the **Health Development Corporation** in Boston and **Healthrux** had been in discussions with Minnesota-based **Health Fitness Corporation** to merge the two companies. Here is the scorecard right now. The CSI deal negotiations continue. My friend, **RICK CARO**, will not make ANY comments on the deal, citing a confidentiality agreement. Tony and Chin Yi are continuing their negotiations, but Tony tells me it has not been signed yet. **MARK SMITH**, the CEO of TSI personally told me that to talk about the Health Development deal at this time was "premature." Finally, **Health Fitness Corporation** and **Healthrux** have announced a merger that will combine those two companies. The industry consolidation march continues on. So, **STAY TUNED!**

•Well, the **DOT.COM** World has been pretty interesting lately with the "I Love You" virus. Ironically, I had begun work on a Special Edition for this month entitled, "The DOT.COM World" when that worldwide virus hit. So, I've rescheduled the Special DOT.COM World edition for either June or July. The month will be determined by the pace of my research, so I would like to encourage you to be in touch with me if you are successfully using e-commerce in your club. I would like to interview you for that issue's Cover Story, so e-mail

me at: clubinsidernews@mindspring.com and give me a quick rundown of what you are doing to market your club and services through e-commerce, along with your phone number and I will give you a call. Also, if you are a vendor using e-commerce, I need to hear from you as well so we can include your company's story in this Special DOT.COM World edition!

•It is terrific to once again see that **PETER N. LARSON**, Chairman of the **Brunswick Corporation**, has cited **Life Fitness** as a big contributor to Brunswick's 11.5% increase in profits. **AUGIE NIETO** and his **Life Fitness Team** continue to lead the best equipment company in the world with double-digit sales and earnings growth. Great people. Great company.

•Maybe there is more than one way to "skin-the-cat!" What I am referring to is this. While **IHRSA** has led the way in the tough nationwide fight against not-for-profit fitness institutions like the **YMCA, Parks and Rec Centers, Universities, Inc.**, there is a politician in Louisiana with a great idea. **BILLY MONTGOMERY**, Louisiana House Representative, has introduced **House Bill 155**, that would exempt health club services from the sales tax "to the extent that such services are the same or substantially similar to any such services provided by the YMCA. So, maybe **IHRSA** should begin to mount a counter attack in this war with non-profits. The counter attack would be to fund a strong lobbying effort in the U.S. Congress to obtain the same tax exempt advantages the Ys or other non-profits get and to obtain a IRS Tax write-off for health club memberships paid to commercial health clubs. Think about it.

•It is good to see that the sales at **Direct Focus**, the new owner of **Nautilus**, are up 64% for the first quarter. Under the direction of **BRYAN COOK**, the stock of the company that was trading a year ago at 15 is now up to 34+!

•**MARK SMITH** and his **TSI Team** have registered record financial results for the 1st quarter of 2000 with revenues up 36% to \$49.3 million and EBITDA up 41% to \$11.9 million. Net profit in-

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creased 94% to \$827,000. TSI now operates 90 clubs in the Northeast.

•Hopefully, by the time this reaches you, the **PEP Act, SB 1159** authorizing \$400 million over 5 years to implement a "best practice" for physical education in schools will be passed.

•**GARY KLENCHESKI's** Boston-based **Fitcorp** is opening its 20th corporate center in May, bringing the **Fitcorp** total to 32 sites, 12 public and 20 corporate.

•Don't miss the **CLUB INDUSTRY EAST/NEHRSA Convention and Trade Show** in Boston, June-21-24. The keynote speaker will be the "one and only" **JACK LALANNE**. Jack will also lead two early morning exercise classes on June 23 and 24th. Please be sure to stop by and do some business with our terrific advertiser's that are exhibiting there. For your convenience, their exhibit numbers are shown on the bottom of this page. For Convention and Trade Show information and registration, call (800) 927-5007. **SAM POSA** tells me the Trade Show had sold out, but the show has been expanded and space is still available. If you are vendor and would like to join the over 140 exhibitors already signed up for the Trade Show call Sam at: (800) 525-9154. See you in Boston!

•The **Alaska Club Network** has purchased another club in Anchorage. That makes the chain, owned by **TOM BEHAN** and **ANDREW EKER**, the largest in Alaska with 8 clubs in Anchorage and 2 in Fairbanks.

•**KEN GERMANO**, the Executive Director of the **Ameri-**

can Council On Exercise (ACE), has announced that ACE has rolled out a new program called: The "ACE Club Program." The club operator education package includes: the ACE Health & Fitness Library, a one-year club subscription to ACE Fitness Matters and Stretching & Flexibility, an informative CD-Rom featuring stretching and flexibility programs. For information, call: (800) 825-3636.

•**Lifestart Wellness Network**, headed by **DARREN HODGDON**, has been named the "preferred fitness provider" by the **Equity Office Properties Trust**, a large, publicly held owner of office buildings.

•**24 Hour Fitness** President and CEO **MARK MASTROV**, has announced that 24 Hour Fitness is joining forces with **MAGIC JOHNSON** to develop a group of full-service fitness centers, complete with basketball courts in inner city neighborhoods.

•The lovely **DEE DEE Kovacevich**, formerly Marketing Director for **Jazzercise**, has joined **KEN GERMANO** as the Director of **Operation Fit Kids**. Operation Fit Kids is a terrific cause championed by Germano to help underprivileged kids across the country have access to exercise equipment. Operation Fit Kids utilizes donated fitness equipment to set up fitness centers in depressed areas.

•**Bally Total Fitness** continues to roll on with terrific financial results. The recent 1st Quarter Financial results are in for BTF and show **doubled net income** over the same period last year! **LEE HILLMAN**, the Bally CEO and his great Executive Management Team continue to work the plan that Lee (See Norms Notes page 12)

CLUB INSIDER News Advertiser's Exhibit #s For The CLUB INDUSTRY EAST/NEHRSA Convention and Trade Show

Affiliated Acceptance Corporation	Exhibit #752
Cardio Theater	Exhibit #564
E-Zone Network	Exhibit #762
Ground Zero Design-Free Motion	Exhibit #219
Individual Nutritional Technology	Exhibit #206
International Sports Science Assoc.	Exhibit #756
Ivanko Barbell Company	Exhibit #313
Life Fitness	Exhibit #604

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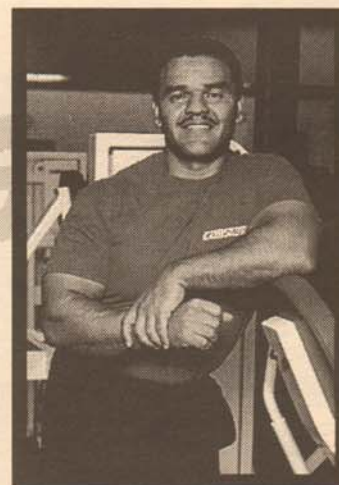
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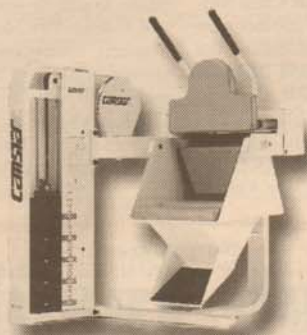
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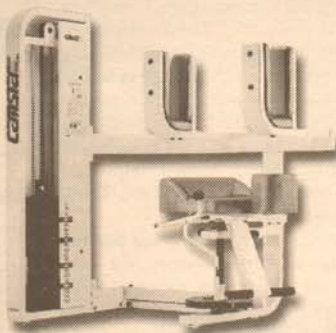


they keep coming back!"

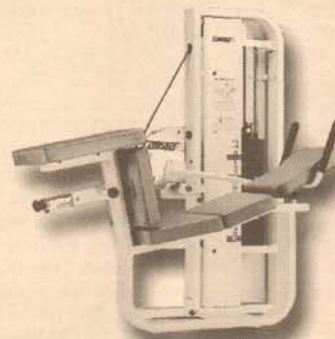
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Joe "The Gladiator" Moore Battles Public Fitness Center

A "How To Fight Non-Profit Rec Centers Document By Joe Moore"

The following letter has been sent to Greene County Commissioners by Joe "The Gladiator" Moore in Ohio to expose the wrongs associated with a proposed multi-million dollar Non-Profit Recreation Center. Our readers are welcome and encouraged to use this letter as a blueprint to fight other such taxpayer-funded Rec Centers in their market.

May 11, 2000
To: Greene County Commissioners
35 Greene Street
Xenia, Ohio 45385

Dear Mr. Campbell:

It is with all due respect that I submit my views on the push that is now underway to build a Government Rec Center and Health Club in Greene County. I have knowledge and experience that may be unique in this region of the country about Rec Center issues. I own a Fitness Center in Greene County; I have been in the Fitness Industry for over 30 years; I have suffered from substantial Government Competition for 10 years; I have seen Government Competition run many other operators out of business; I am a member of the Industry Leadership Council for the International Health Racquet and Sports Club Association which represents 5,000 Tax-Paying Health Clubs worldwide; I have studied several other Rec Center proposals in the immediate area; and maybe most important, I have a background in Criminology which helps with the investigation process needed to uncover techniques used to sell the Rec Center agenda.

Unlike others, I freely admit my bias. I believe that selling health club memberships to adults is a commercial activity and that all taxpayers should not be forced to pay for the memberships of a few. Taxes are better spent on police and fire protection, roadways, social services and water systems. However, that does not mean this report is unfair! I also believe that you want a fair and accurate report from the people you are paying to make recommendations to you. I don't think that is going to happen under current circumstances.

Joe Moore Sees The Truth, Do You?

I want to see the veil of secrecy torn from the face of Government competition in the Fitness Industry. Although I am against

Government Fitness Centers, this report is truthful. I have asked three people that were at the April 20, 2000 Rec Center "Open Forum" to fact check my recollections for accuracy. The accounts of the Rec Center Sales Seminars often were verified from tape recordings. My knowledge of the machinations used to build Rec Centers comes from direct contact with the people involved, material obtained through the Freedom of Information Act and legal discovery from lawsuits my associates and I have filed.

Joe Moore Crashes The Rec Center Party!

On April 20th I attended the "Open Forum". The Forum's stated purpose was to obtain feedback on either building or not building a Greene County Rec Center and Health Club. In the Beaver Creek News Current, County Administrator Steve Stapleton was quoted as saying, "The Commissioners are interested in getting as much public opinion as possible." I believe that is what you want, but the presenters at the "open forum" wanted only the opinions of a few Rec Center activists; they certainly did not want to hear from me or my kind. I was extremely disappointed to find the meeting was nothing more than a pep-rally for supporters and a sales presentation for all others. Any input that did not support the Rec Center was unwanted. This "Open Forum" was scripted like an Amway sales party.

The meeting was started by Tim Leiwig, Executive Director of Parks and Recreation, followed by Architect Allan Renzi, Project Manager from Richard L. Bowen & Associates, followed by a lengthy slide show and sales presentation by Lauren Livingston, President of the Sports Management Group. These are the people responsible for reporting on public opinion.

All three speakers assured the audience that they were impartial on the issue of whether or not to build a Government Rec Center and Health Club. Mr. Renzi and Ms. Livingston were adamant that the feasibility study they are conducting is to be unbiased and completely fair. So I was amazed to find, after I pressed them, that both Mr. Renzi and Ms. Livingston have a vested economic interest in making sure the Center is built. Their firms will only make additional money from the project if the feasibility study has a positive conclu-

sion and the County proceeds with construction. Any recommendations by these people will be tainted by their potential to profit.

During Ms. Livingston's sales presentation she made several incorrect statements. Does she not understand? Was she trying to misrepresent the issues? This alone should disqualify her from future involvement.

Rec Centers Don't Compete - Hog Wash!

Ms. Livingston stated that Government owned exercise facilities do not compete with community-owned businesses. She specifically asserted they don't compete against health clubs. Her statement is false! My biggest competitor is the government! I had brought several cancellation forms to the meeting, showing tax-paying health club members canceling their memberships to join Government Health clubs, irrefutable proof she was wrong. I showed the stack to her, but she was undaunted and uninterested.

To back up her statement that Government Rec Centers do not compete with tax-paying fitness centers, she asserted that people who use Government Fitness Centers are older than those who use tax paying fitness centers; therefore, tax-paying fitness centers do not suffer from government competition. This is also false! The demographics and income levels are almost indistinguishable, and there are truly "independent and unbiased" studies that prove it.

Mr. Renzi tried to support Ms. Livingston by telling a story about some out-of-state health club that opened at the same time as a Government Rec Center. The health club amazingly still exceeded its sales projections. This means nothing except that the club owner had poor sales projections before the club opened. I know of at least one hundred clubs that have been damaged by Government competition. Many of them were forced to close. So, I want Mr. Renzi to give me the name, address and phone number of this singular health club owner. I want the entire story.

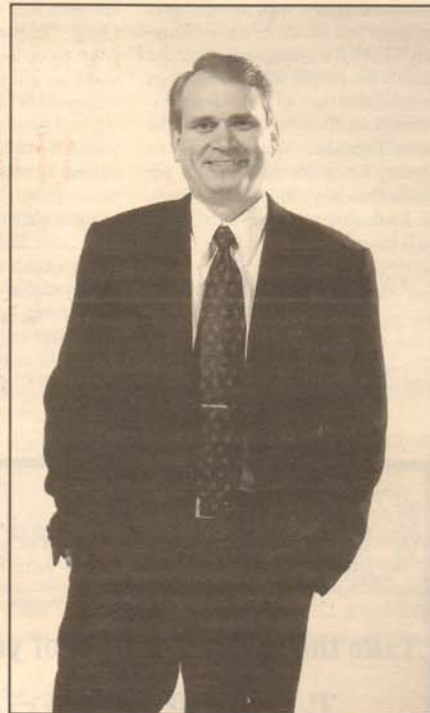
Socialized Fitness, Welfare For The Rich!

Ms. Livingston stated that Ohio is the envy of the Nation because we are building so many

Government Rec Centers and showed slides of the Dublin Rec Center, which is actually a Government health club where THE RICH, who can well afford to purchase fitness memberships, receive a type of government welfare. The citizens who don't use the club are forced to pay taxes to subsidize those who do. So, are we the envy, or do Government officials in other states use their tax dollars in wiser & more prudent ways? Why are local Governments in Ohio entering the Fitness Business and what other businesses will they enter tomorrow? Again, selling fitness memberships to adults is a commercial activity!

Holding up the Dublin Rec Center as a paragon of virtue, Ms. Livingston asserted that the Dublin Rec Center is operating at a profit! Since when is Government in the business of "Making a Profit"? But since she will undoubtedly use this "Profit" angle to sell the idea of building a Greene County Rec Center, I reminded her of the fact that the Dublin Rec Center truly does not operate at a profit under the generally accepted definition of "profit."

She would have been more correct had she pointed out that taxes and grants were used for construction; so, there are no expenses for rent or land or taxes. Plus, Government can advertise and promote at taxpayer expense in addition to free advertising on Government access cable TV and substantially reduced direct mail advertising rates. So, land cost, building cost, advertising, and taxes are usually nonexistent expenses for Government. (See Moore page 8)



Joe Moore - Founder & President Moore's Fitness Centers

Norm Cates' **THE Club Insider**
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Moore...

continued from page 7

ernment health clubs. Therefore, "profit" as defined by the average citizen and "profit" as defined by Ms. Livingston are quite different. She did concede this point! Mr. Renzi stated that Dublin did, however, expense equipment depreciation.

Ms. Livingston stated her unbiased study was to "uncover underserved needs in the community", but having a pep-rally attended mainly by people who want others to subsidize their exercise memberships does little to uncover underserved needs. Western Greene County has more health clubs per capita than any other area I operate in. By this measure, the citizens are well served.

Government Health Club Catch 22

Ms. Livingston used a type of sales program commonly re-

ferred to as the "Little Questions Closing Key," as described in the book "Secrets of Closing Sales" by Charles B. Roth, copyright 1983. Instead of asking if we want \$8 to \$20 million dollars of our taxes used to build a Government Rec Center and Health Club, she required the audience to place little stickers on the professionally crafted displays representing components that would make up a Government Rec Center and Health Club: "If you want a basketball court place a sticker here; if you want an ice rink place another sticker there; if you want a climbing wall place a sticker here; if you want a lower cost imitation of your current fitness center place your sticker there." These are my words, but you get the idea. Next came the "Catch 22," you can vote "yes" but you can't vote "no." By placing any stickers on any display they were saying "yes" to the Rec Center concept and Ms. Livingston had closed the sale. Hence, the Little Questions Closing Key. I saw no

display marked "Do not build a Rec Center" and there was no security to stop one person from placing several stickers on one display. From court-ordered discovery, I have learned that climbing walls are often needed to create the "Wow Factor" to compete with me and other tax-paying health clubs.

The session was poorly attended (40 to 50 people including Government employees) and did not give a fair representation of the community. It was mostly made up of people who want government to use taxes to gratify them in some way. Several attendees had worked to convince Beavercreek residents to pass the ill-fated Beavercreek Rec Center Issue.

Citizens' Votes Don't Count

It was brought to Mr. Leiwig's attention that a "study" had already been conducted with a very large segment of the county's population, a segment large enough to give a real scientific sampling. The City of Beavercreek's citizens overwhelmingly voted "NO" to spending tax money to study the possibility of building a Government Rec Center and Health Club.

To this Mr. Leiwig answered, "That was all just Political." He feels that because it was Political, the vote was not valid. He is wrong! The voters have spoken in Beavercreek, that is Political, and their decision should stand! Instead their will is being circumvented by a few people who want to spend taxpayer money for their own personal benefit.

Is Your Mayor Having Rec Center Dreams?

When I brought up to Mr. Leiwig that Mr. Renzi and Ms. Livingston were biased toward building a Government Fitness Center that would compete directly with tax-paying fitness centers, he replied, (I paraphrase) "You should have seen the other candidates, some looked like the Power Team (those "Lifters for God") on TV." I took this to mean he chose the best from a poor group of candidates. Greene County deserves better.

At this point a Greene County resident, Mr. Fagan, asked Mr. Leiwig if this process was unbiased, why was Mr. Leiwig involved in it. He obviously has much to gain as the Executive Director of Parks and Recreation if a Government Rec Center and Health Club is constructed. It would be a "showcase for Parks and Rec," it would increase his budget, it would increase his responsibilities, it would increase his status, it would increase the number of employees he oversees and could potentially increase his income. "The first law of Bureaucracy is to ensure its own continuance," Dr. Carl Sagan, 1994.

Who Benefits? Government Employees!

Mr. Leiwig became very angry. He took the question as a personal affront; it was not. It is a valid question about the procedure. I don't have any reason at all to doubt Mr. Leiwig's motives, but if he may gain in any way from building a Government Rec Center might it influence his decisions? It would influence most people! But he stated from the beginning he is unbiased. So, is it possible that not just Mr. Renzi and Ms. Livingston will gain by the construction, but that all three principals involved in the "unbiased report" have something to gain from building the Center? It is a valid question!

Ms. Livingston asserted many times that the Government Rec Center and Health Club would not compete with any businesses but would "partner with community businesses for mutual benefit". She then showed slides of huge karate classes at a Government Rec Center. There were enough students to fill two or three karate schools. If these karate students were not enjoying the Government largesse, they would be joining tax-paying karate schools in the community. How many karate schools have gone bankrupt because of Government competition disguised as "Community Partnerships"?

Government Antitrust Violations?

Here are a few examples how the Government in other areas has formed "Community Partnerships" with me and others in the Fitness Industry:

1. They have written and implemented plans to steal my members and use them as the "base of support" for their Government Health Club.
2. The Government charges a sales tax on all memberships small businesses sell, but exempt the Government-owned Health Club members from paying the same tax.
3. The Government sells memberships below the actual cost of service to take business away from its "Community Partners". This is predatory pricing and reverse condemnation.
4. The Government has blocked Government employees from exercising anywhere but the Government Fitness Center, more reverse condemnation.
5. Government Fitness Centers and predatory practices are responsible for the closing of hundreds of tax-paying health clubs.
6. The Government has stolen much of the programming tax-paying clubs developed.
7. The Government solicits our employees, after we have spent thousands of dollars and thousands of hours to train them.

You would think Government would have the common decency to learn the exercise business and develop an exercise training program of their own.

I can be more specific about competitive atrocities committed by Government Health Clubs, but you should have the idea. So much for "Community Partnerships".

Government Studies Show Support When None Exists!

I have examined the "Greene County Countywide Recreation Center Survey." It reads in part, "We are working with a consultant team to measure our need for new or improved facilities and to develop a logical plan for the future." It asks three demographic questions. It then reads "To meet your individual leisure-time needs, please rate your level of interest in each activity." It lists nine activities for you to rate as, "Very Interested, Interested, Moderately Interested, or Least Interested." Where is "NOT INTERESTED"? Your only possible answers are all positive. Is it possible that someone in all of Greene County is not interested? Why were all possible negative responses deleted? The answer seems simple: If there is no possibility to answer "NO", the answer is "YES"! Nothing else is possible. The survey can then be used to show an "unprecedented need throughout the community." It is odd that the web site default setting for all nine questions is "Very Interested"; therefore, if the respondent does not answer a question, the answer will automatically be recorded as "Very Interested". In all of the Rec Center feasibility studies I have now reviewed, the one, most obvious question has never been asked: "Do you want your tax money used to build this Center?" Is our unbiased consultant team playing with a stacked deck?

Government Guarantee: Exercise Happiness!

I question the use of the phrase "leisure-time needs." Our needs from Government are Police and Fire Protection, a Courts System, education, road repair, and a reliable water system. They mean "leisure-time wants". We are only guaranteed the pursuit of happiness. Government cannot and should not guarantee happiness for our "leisure-time wants".

So, the "Interest Survey" is a variation on Ms. Livingston's Rec Center component display, where we were to place stickers on the Rec Center components we "need". Remember, there was not a display marked "Do not build the Rec Center" upon which to place the stickers.

Catch 22 Part B

The "Interest Survey" works on the same principle as the (See Moore page 14)



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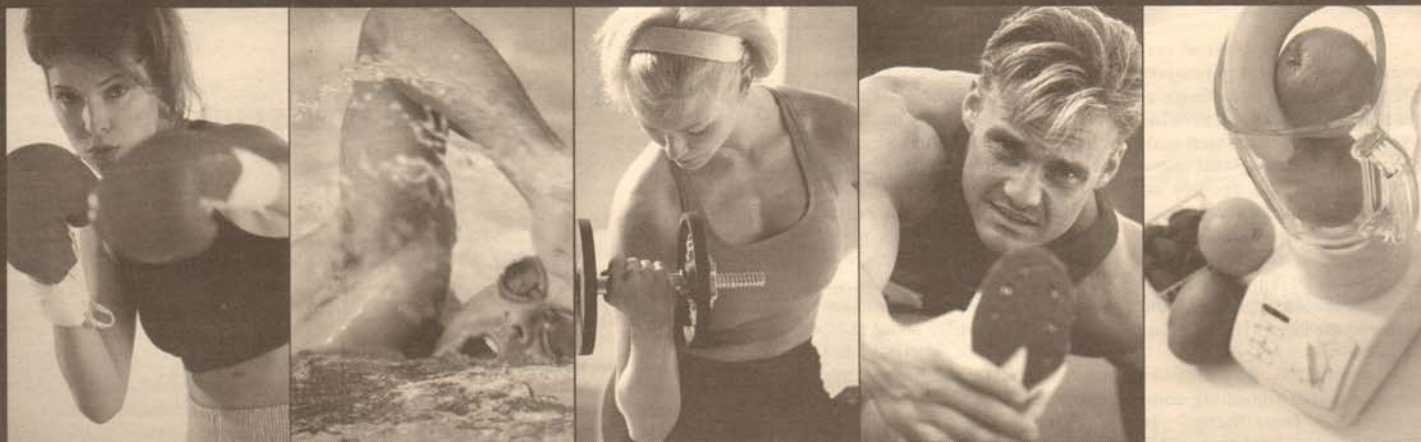
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A Brief History of ISSA

The International Sports Sciences Association (ISSA) was founded in 1988 by Sal A. Arria, D.C., MSS, and Frederick C. Hatfield, Ph.D., MSS. These two pioneers in the field of fitness and sports medicine sought to build a solid foundation for health and fitness education that would standardize knowledge, techniques, and philosophy both nationally and internationally. ISSA then formed an advisory board culled from the elite ranks of research, coaching, sports medicine, and other branches of sport and fitness science. The majority of ISSA professors and advisors are both world class athletes and Masters or Ph.D.s—people who have extraordinary academic backgrounds, and also practical “in the trenches” fitness training experience.

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International Sports Sciences Association

...Sales Makers

continued from page 3

The Sales Makers' credentials are quite impressive: They have spoken at two thirds of the IHRSA Conventions, all of the Club Industry Shows as well as almost every other regional show. They are on the faculty of IHRSA's Institute for Professional Club Management, they are on the judging committee for IHRSA's Sales Team Of The Year award and have recently sponsored and authored the latest IHRSA video on sales!

In 1981 Ray Gordon founded a club consulting company called "Inner Secret." In 1983 he changed the name of his company to "Sales Makers." Gordon's vision for his company was simple. He wanted to provide a service that would elevate health club membership sales results to a new level without discounting dues, not using high pressure sales or "bait and switch" mass marketing promos or any methods that are not good for the new member and for the club owner over the long haul. And, guess what? They teach fundamentally the same sales system now that Ray began nearly 20 years ago. Sure, they have refined the system and added some helpful components, but essentially the Sales Makers System has endured the test of time very well. The simple reason is that The Sales Makers deliver results. The average membership sales increase for clubs mentored by Sales Makers over the years has been 27% annually!

The Sales Makers System - Developed For The Long Haul

Prior to Founding Inner Secret and The Sales Makers, Ray Gordon had extensive experience in the club membership sales business having been the Sales Director for several clubs, including the massive Courtrooms in Fort Lauderdale, Florida where he increased membership by 701%!

In 1979, Gordon hired Doug Miller, an associate from his days at the Courtrooms in Fort Lauderdale. Miller became a partner in Sales Makers for several years before departing for England where he established Sales Makers England. Sales Makers U.S. and England became entirely independent entities at that time. In 1983 Gordon hired Eddie Tock to work at Jim Farrell's Sportset Club in Syosset, New York. Tock, formerly a teacher and coach for five years, is very competitive. He was very successful as a soccer coach and whose team ranked #3 in New York State for 3 years in a row. Beginning at the age of 23 he coached the New York City All Star Soccer Team, the Catholic

High School All Star Team and the Empire State Games Team for New York City for 3 years. But he's most proud of the fact that he helped 27 of his athletes get college scholarships, including sending a player to The University of Connecticut. The amazing story is that UCONN won the NCAA title 2 years in a row with Tock's player as team captain, but even more amazing is that the UConn coach never saw this player in a game before giving him a scholarship, totally based upon newspaper articles and Tock's recommendations over 15 phone calls. That's when Tock "realized I belonged in sales helping other people get what they want out of life!" Tock obtained 3 Masters degrees in: Education, Exercise Physiology and Outdoor Education. But, even with that terrific background, he admittedly got off to a rough start in membership sales. Tock recalls, "The first two weeks I made only \$200 per week. I was really frustrated and was actually thinking about quitting. But, one of the other sales people told me I should go to the sales meeting on Friday morning. After the meeting I showed the person that gave the training seminar my results, told him about my background and asked him if I should get out of the business or not. He responded 'you're just an impatient New Yorker.' The person who made that comment was Ray Gordon. Sportset had 3 clubs with 17 sales staff people and that day I was ranked #15. The next month I was ranked #1 in the whole company and I went from \$200 per week to making \$1,000 a week straight commission. For the next 3 years I was #1 in sales, even though I had stopped taking most walk-ins. Two months later I was promoted to sales manager. From the time I was promoted until one year later, with Ray Gordon as my consultant, we did over a \$1 million increase in sales with no advertising because advertising was not in the budget! I was very fortunate because I was mentored at Jim Farrell's clubs by the best in the business as far as I am concerned. Those two were Ray Gordon on the sales end and Rick Caro, the world's leading expert on club cost control, who was consulting with Jim on club cost control and club management challenges."

Ray Gordon recalls, "I hired Eddie to work at Jim Farrell's Sportset Club on Long Island in 1983. He became established in the system and did all the right things. All the follow-up calls, all the outreach. He did everything he was supposed to do and pulled huge numbers. He became the sales manager there. He broke my record and his team did \$500,000 during his first January. From there he worked with Mike Artega at the Allsport Clubs." I asked Gordon, "How did you go about deciding to make Eddie Tock a partner in your company?" He replied, "For

GREENVILLE

RACQUET & FITNESS CLUB

December 23, 1998

Dear Club Owner/Manager,

We have been working with Sales Makers off and on since 1988. They hired me as a sales person in that first year. I have since worked with them as Sales Manager/Marketing Director and General Manager. Each time they have come in for a contracted time our sales have increased dramatically. They have also come in on other occasions to train and/or motivate our sales team on a two or three day basis. We have always felt that the time and money spent has been well worth it.

Our most recent contract has been during our \$1.2 million expansion which started in October 1997 and finished two months after completion this month. Our membership base has gone from 1900 to 2700 in that time, a growth of 42%!

Ray Gordon and Eddie Tock compliment each other very well and each brings their own strengths to the club. As a sales person, they challenged me to exceed all my goals and gave me organizational skills and sales techniques that I still use today. As Sales Manager, they helped with leadership and motivational skills. As marketing Director, their marketing ideas that they gave us in 1988 are still working today.

Without a doubt, working with Sales Makers has been one of the best decisions we have made... over and over again. Their contribution to our success has been tremendous. Without them, we would not be the largest and most successful club in South Carolina.

Sincerely,

Mary Beth

Mary Beth Provost
General Manager

one thing, he was really good at what he did. The other thing was that he was worth a mint and I knew that if I didn't start moving him into a partnership, he would be hired away by somebody else. He was getting offers because Eddie is a naturally great trainer. We work heavily on performance bonuses so he was already in an income sharing position. So, I moved him into a minority partnership role in January of 1987. When Doug Miller went to England to develop Sales Makers in England, I moved Eddie into a equal partnership role."

Lyle Schuler, the third member of the team, joined Sales Makers after 15 years of successful multi-club ownership experience earning recognition in Club Industry's "TOP 100" for four consecutive years. Prior to launching his career in the health club business, Schuler attended Cortland State University where he captained the football team setting rushing and scoring records and finishing fourth in the nation in scoring. His play was good enough to attract the attention of scouts for the Dallas Cowboys and the Cincinnati Bengals. With a Bachelor of Science in P.E. and Rec his

launch was similar to many who enter the business - starting first as a training floor instructor, then progressing from fitness director and club manager to ownership. Lyle teamed up with Bill Austin and Mary Murphy purchasing and/or building 6 clubs in New York and Connecticut during a nine-year period between 1984 and 1993 culminating with a 3-club sale to Town Sports International in January of '98 along with the sale of his interests in one of the remaining clubs. One of Lyle's primary responsibilities during his partnership was the training, development and management of the membership sales teams. "I feel particularly proud and fortunate to have been an influence on some of the most talented sales and management professionals in the country. I believe we cultivated an environment for top performers to grow as evidenced by the achievement of Barbara Meredith who earned top honors as IHRSA's 1st Sales Person of the Year."

In 1986 Lyle and his partners hired The Sales Makers to insure the successful opening of their third club in Newburgh, New York. Their involvement proved to be one of the best deci-

sions the partners could have made as the club accomplished a record breaking performance of over 1500 memberships in five months - all at non-discounted dues. Lyle credited Sales Makers' profit procedures, training and membership sales systems as one of the most critical components in the club expansion process. He noted, "To successfully expand into a multi-club organization there usually is very little margin of error in the sales process. Club owners must have the right sales people in place, executing on the right details and following the right systems. Additionally, owners and managers need to have the tools to effectively recognize "sales speed bumps" and take the steps necessary to keep sales on track. At a glance, it all sounds so simple, but in reality to consistently manage the process it takes a great deal of focus and energy."

Early Days For A Busy Consultant

Gordon recalls, "One of my first consulting jobs was for Rich Boggs, Ray Irwin and you, Norm Cates, at Courtsouth in Atlanta in the early 1980s. (See Sales Makers page 16)



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...E-Zone

continued from page 3

ing and merchandising deals. Pro Sport emerged as a full-service sports management firm representing 35 professional athletes, as well as over 150 actors and actresses, through its talent agency division.

Stein did his undergraduate work at the University of Southern California where he completed a dual major in Marketing and International Finance. After graduation, Mike started his career in sales, first as a stockbroker, before moving into corporate event sponsorship sales for

Howard Marlboro Group, a division of Saatchi & Saatchi. Additionally, he was the Marketing Director of ICAC, marketing the benefits of bringing health & fitness training into the workplace to Fortune 500 executives.

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Norms Notes...

continued from page 5

reviewed for us at the **IHRSA Global Industry Summit** San Francisco! Also, BTF has announced another alliance. This one is with **Century Industries and Aloe Commodities International** to launch a line of 12 weight management and nutritional drinks "infused with aloe vera and other nutritional supplements. BTF expects \$20-\$25 million sales of the product in the first year.

•**StairMaster** has changed its name to **StairMaster Health and Fitness Products, Inc.**

•Best Wishes to my old pal, **GARY TAYLOR** and his wife **PATTI** as they venture into the world of retirement. Gary is a 20+ year club industry veteran that has served IHRSA and our industry well. Gary served on the **IHRSA Board of Directors** about 10 years ago and has continued to be an outspoken advocate of ethical club operations over the years. Gary was the General Manager of the huge **Wheaton Sports Center** for about 15

years and for the last 6 or 7 years has been with the **Continental Athletic Clubs** in the Chicago area. Gary has a great plan. He and Patti will spend their winters away from the frozen-Windy City at their second home in Carlsbad, California, an area that is about 30 miles north of San Diego and is surely one of, if not the most beautiful regions of the world.

•**The Tennis Corporation of America's TNT Program** ("Tennis In No Time") is now over 30 years old. The program, Co-founded by TCA's **ALAN SCHWARTZ**, has taught over 100,000 people the great game of tennis! Alan and his son **STEVEN**, have just had a great victory in the Pittsburgh area as the **YMCA of Sewiskley** has been declared to be liable to pay property taxes in a recent decision. TCA had lobbied heavily to make that happen. Way to go guys!

•**TIM and SHEILA RICHARDS** have opened a brand new \$2.5 million fitness center addition to their 74,000 square-foot **Orchard Hills Club** in Lancaster, Ma. The center has \$250,000 in new equipment and a major **CardioTheater Entertainment**.
(See Norms Notes page 25)

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...Moore

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display gimmick. This is the "Catch 22" part B. Each time you answer a question with the only responses allowed (Very Interested, Interested, Moderately Interested, Least Interested) you are saying "YES" to building the Rec Center. You are only allowed to give input as to the parts you "need" the most. Again this is using a type of marketing similar to the "Little Questions Closing Key" from books such as "How to Close Sales" by Charles B. Roth, copyright 1983. You may qualify to fill out a survey if you find one in the newspaper or by using the Park Survey web site. Anyone can access the web site or purchase a newspaper. So, are only Greene County taxpayers involved in the process, or are people from out of state helping to decide the components the Rec Center and Health Club shall include? Could employees from the consultants Richard L. Bowen & Associates and The Sports Management Group be stuffing the ballot box? Are some people voting twice? Are there any safeguards? Does anyone care?

Perhaps a math professor from Wright State University or Central State University would be kind enough to explain to Sports Management Group how a scientific study is conducted. I asked Ms. Livingston at the meeting if they would accept input for fair questions on the "Interest Survey". She stated, "NO!"

Stop Government Health Clubs - Get Involved!

So, here is the Government Rec Center and Health Club marketing plan:

1. Have three meetings with the ostensible purpose of obtaining public input on whether or not to build a Government Rec Center. Accept only positive input.

2. Treat the few people who show up to a pep-rally and sales presentation, complete with color slides of the most elaborate Government Rec Centers and Health Clubs in the Nation. This should whip the audience into the state of euphoria necessary to complete the next step.

3. "Catch 22" The audience is allowed to pick the components they "want" for the Government to buy for them. By placing stickers on the elaborate displays they desire the most. There is not a display titled "I do not want to build a Government Rec Center".

4. Attendees then mill about discussing the great works they are doing for the community and patting themselves on the back.

5. If there is time left and if anyone is still there, (this would be about 9:00 PM) the unbiased people doing the feasibility study will answer questions.

6. "Catch 22" Part B The audience members are invited to

vote again by filling out a survey or visiting the web site. No negative answers allowed. (Other Park and Rec Departments use telephone studies and/or mail-in studies.

If this should be suggested, I know how these schemes work as well.)

These are the six steps I have identified so far, (other things may have occurred that I am unaware of) but I can accurately predict what will happen next. For the last ten years Government has been belligerently competing for my customers; so, I have studied the schemes that other "unbiased consultants" have used in other places. I have also been attending the Annual Athletic Business Conference. This is one of many seminar programs where Directors of Park and Recreation Departments are recruited and trained on how to convince their bosses to build Government Rec Centers and Health Clubs. (Other such seminars are held in Colorado.) The presentations have been very enlightening on the mercenary nature of Parks and Recreation Departments.

Why Are These Monstrosities Built?

From the Athletic Business Conference Seminar I have learned the real reasons for building Government Fitness Centers. Some of the most offensive examples from Parks and Recreation Directors are as follows:

1. "Money, Money, Money! We need to make lots of Money!" (For the Parks and Rec Department) "Make money that is the phrase we're using in the Parks and Rec today."

2. The Government Rec Center is now "One Stop Shopping for Fitness! The Hot Spot to hang out! So, you need lots of "Cool equipment!" I suppose this means "One Stop Shopping" like Kmart!

3. "If you don't build a (Government) Fitness Center someone else (a small business person) will build a Fitness Center down the block". This is predatory trade practices and is a case of Reverse Condemnation if other Fitness Centers already exist in the area.

4. "We find that fitness center (members) are our best allies. They love us! They think we're the best thing. We got them in the committees. We got them in programs. We got them to speak on our behalf." Of course, Fitness Center Members love the Parks and Rec employees that use taxes to help pay for their exercise membership; Welfare for THE RICH.

5. "We are not good in the Park and Recreation at pricing things high enough. No Country Club prices! However, I want the Country Club people to come here."

6. The fitness centers have become "showcases for the

Parks and Recreation Department". This may be the driving force behind why the Parks and Recreation Departments are so frantically pushing to build these Health Clubs: Parks and Recreation Department employee gratification!

I have had the above statements triple checked for accuracy.

During the Conference a videotape of Government Rec Center member testimonials was played. A typical member espoused "I used to go to Bally's, it was real expensive." Bally Total Fitness is not "real expensive". They give good value at reasonable prices. He thinks Bally is expensive because he is receiving government fitness welfare from his new Government Rec Center.

We Are No Longer Citizens. We Are The Competition!

After the testimonial tape was played, a question was asked of the moderator who operates a Government Rec Center: "How many health clubs are in your area?" (meaning tax-paying health clubs near the Rec Center). Her reply was very enlightening. She replied "We put them all out of business! Ha Ha Ha!" This is the true attitude of many Parks and Rec employees, and I have it on tape!

Such a statement from a Government employee is unconscionable. She thinks it is funny to run tax-paying clubs out of business. She is so good at it, other Rec Center employees pay (or more likely taxes pay for them) to learn how she does it. This leads to an interesting question: Has any Government employees from Greene County or any of its Political Subdivisions attended these or similar seminars?

The Rec Center Sales Program

The informal conversations I have had with "Public Servants" are even more revealing! From what I have learned, I can make some very accurate predictions of the next steps that will occur to convince you to build a Government Rec Center and Health Club.

Prediction #1: Since opposition to the project has surfaced the consultants may add an additional "Study" or step of some sort. It too will be unscientific and written to elicit positive responses. However, when the "unbiased" feasibility studies are completed, they will show an extremely strong demand! (This conclusion will be totally wrong.) In fact, demand will be said to be so strong that the project will need to be started immediately.

Prediction #2: Even

though Greene County already has plenty of Fitness Centers, the feasibility studies will show an extreme need for a strong fitness center component. (This conclusion will be wrong as well.) This is actually to win the support of THE RICH. Most Rec Center consultants believe THE RICH love to have other people footing the bill for their health club memberships.

Prediction #3: The Rec Center supporters who attended the "open forum" sales presentations and "correctly" filled out an interest form, as well as any other supporters who are identified, will be asked to serve on committees with the ostensible purpose of "Sharpening the Focus" to better serve the community.

Joe Moore Identifies What The Committees Really Are

I have learned at the Rec Center Seminars that these people are sometimes referred to as "Bird Dogs" as described by Joe Girard in the book "How to Sell Anything to Anybody", copyright 1979. Mr. Girard believes that the average person knows 250 people and so one person will influence, positively or negatively, as many as 250 people. Therefore, the people given the prestigious position of "serving" on a Rec Center Committee will influence all of their friends and family members to support this effort. In his book, Mr. Girard was describing paying money to people who referred customers to him to purchase cars. He called the people he paid "Bird Dogs". Other sales trainers use other names.

The Rec Center "Bird Dogs" are not paid money, but they receive the power to influence, or are led to believe they have the power to influence, where the Center is to be built or what color the pool area is painted or may even have their names engraved on a placard in the lobby!

Prediction #4: The site recommended for the Government Rec Center and Health Club will be in the far Western area of the county where it can feed off the existing health clubs.

The Government Wants Your Members !!!

So, the consultants will want the Rec Center where it can draw from the three Wright Patterson Fitness Centers, the Wright State University Fitness Center, the Kettering Rec Center, the Five Seasons Country Club, the Beavercreek YMCA, Bally Total Fitness, Moore's Fitness, Pro Fitness and so on. The biggest "base of support" for Rec Center Health clubs is existing health club members. (I learned this through the Freedom of Information Act and from documents obtained through court ordered Discovery.) Current

Health Club members will love other people paying for their memberships. At least that is what most consultants think. I wonder if the public would ever fall for this, if the truth were available to them.

Prediction #5: Real needs will not be addressed. When I voiced my support of a Center for disadvantaged youth, the consultants seemed puzzled. I saw no display depicting the needs of the poor at the "Open Forum" nor are the poor addressed on the Web Site. There will not be a free transportation system proposed for the poor children as I suggested at the "Open Forum", but the consultant may suggest valet parking.

In March I helped IHRSA raise \$50,000 for the Boys and Girls Clubs of America. Within a year we hope we will raise \$1,000,000 more. Why do we believe so much in the Boys and Girls Clubs? They do as their mission states. They are not serving the wants of THE RICH. Most Rec Centers, on the other hand, are built to serve THE RICH at the expense of everyone, including the poor. This I can not support.

Prediction #6: Mr. Renzi stated that the average Government Rec Center operates at a 40% deficit. Meaning that in addition to the cost of construction, the citizens are forced to use their taxes to make up the 40% loss. He added that this is the "old formula".

I predict that the study will estimate that the Rec Center will operate near to or at break even. The study's figures will be off by the same 40% Mr. Renzi first predicted.

Prediction #7: This prediction I will not reveal now. I have given a copy to my lawyer to verify the date for disclosure at the appropriate time.

I don't know all the techniques used to convince public officials to enter the fitness business. I have only tried to cast some light on the process I have seen in other communities and to detail the formula that is being used on the people of Greene County.

My reason for writing this detailed account is because I saw that only the Pro-Rec Center people were reporting to you, and that you probably had no reason to suspect how biased your consultants are. The current process is too tainted to continue. Any conclusions will be invalid. It should be halted immediately before any more tax money is spent. I have accumulated much evidence relating to the Rec Center agenda, including some very disturbing videotapes. I think you would find this material interesting. I now offer my services and the resources of the International Health Racquet and Sports Club Association to bring you valid information on the Rec Center issue.

Sincerely yours,

Joe Moore
President and Founder
Moore's Fitness Centers

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Sales Makers

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Courtsouth was just beginning the process of conversion from racquetball courts to multi-purpose clubs and was making the switch from court time to monthly dues memberships. Even then we were using our system of motivational calls and follow-up calls. I think that's why almost all the clubs we dealt with did well in the long-term because they started off on the right foot. Peter Daane, the fellow we trained for your Downtown Athletic Club, was a perfect example of what Sales Makers is all about. Peter was a natural and he had good talent. But, what made him great was he didn't rely on that talent. He followed our system exactly, he took the notes and kept the records and did all the little things, all of the follow-up and motivational calls, the notes, etc. that took his talent and made him truly a great one."

(Author's Note: When I hired Peter Daane in 1982 to work in membership sales at my new 47,000 square-foot Downtown Athletic Club, I sent him to The Sales Makers training seminar in Florida before we opened. Peter came back and worked in the DAC for 7 years and turned out to be one of the greatest membership sales people I have ever seen or heard of. For example, in one month, Peter and two others sold 580 memberships! During his 7-year tenure at the DAC, I would estimate that he sold between 12 and 15,000 memberships himself. Peter was extremely talented in relating to member prospects and to members. He was meticulous in his record keeping, accumulating 5 or 6 file boxes of 3" x 5" tracking cards with every little detail about the mem-

ber prospect. So, when he would call to follow-up on a prospective member, he would know the little details about the man or woman's life that helped bond them to him and he would ultimately get them into the club and sign them up. He was relentless on follow-up. Because of the downtown Atlanta location, we didn't have the luxury of massive numbers to draw from because office workers would 'head to the suburbs' when they left their offices. So, he was careful to never lose a prospect that had shown buying interest. Once, he actually sold a membership to a man that had no-showed 21 previous appointments! On his 22nd appointment the prospect finally showed up and joined. As I mentioned, he was diligent. Peter Daane, using all aspects of The Sales Makers System, was truly an amazing performer in this business. He now owns his own highway billboard system in the Atlanta area.)

Tocks adds this about many of the other top sales performers, "Peter Daane is a great example of what we've been teaching for years. That is to be successful, you have to be brilliant on the basics. Sales and club revenue growth is kind of like exercise. There is no quick fix. Everybody is looking for it. Everybody wants that magic pill to help you lose 20 pounds. Everybody wants that magic pill to help you make an extra 100 sales. The reality is, though, if you go back to the basics and you do them consistently, and you hold your staff accountable and you pat them on the back when they are doing well, that's focusing on the basics and that is what we've taught. That's Peter Daane's story right there. The basics are: ask questions, shut up and listen, take notes and take care of your customers."

What Does The Sales Makers System Include?

We discussed with Gordon the evolution of The Sales Makers System over the years. I asked Gordon, "Your system is fundamentally the same as it was 18 years ago, isn't it?" Gordon replied, "It has changed a little because of the times and what has happened in the world, but the basic system is still the same. When someone walks into the club, the conscious mind of the sales person takes over. It is somewhat standard across the industry to give the tour, to be friendly and to ask the right questions and present the facility in a way that will inform the new member about the facility. The key to our system is that we train people to ask questions on the tour that are necessary to build clients, not just make a sale. When a non-exerciser walks into a club, that is the best buying signal that you are ever going to get. So, the key is not to ask questions just to make the sale, but to ask the questions that will make the person a successful exerciser. You then write those things down and use that information for follow-up calls and motivational calls. This is where the management comes in. You must manage the sales staff to be sure that the follow-up calls that are supposed to be made are made because you are dealing with the post membership subconscious mind that says to the sales staff person, 'I'm going to go take another tour. I don't need to worry about that new member or follow-up or making motivational calls because there is no money in that.'"

Ed Tock adds, "I think that the customers are much more sophisticated and better educated.

They now understand that the body needs to exercise and that our bodies were not meant to sit still. It is important that we help create a comfortable atmosphere for the customer to come in and that we give them enough personal service so they will stay with us. This helps the club create more member loyalty. Back in the '80s it was the "me" generation that was more impulsive and into looking good. Now, the customer is more into feeling healthy and feeling good. That is what we see as the biggest difference. Back in the 80s, a lot of clubs were selling price, not value. We've always insisted that our clients sell value. Now, the quality clubs in the industry are heading in that direction. After working with over 500 clubs we are now finding that the new members are more demanding. They want a comfortable atmosphere. They don't want to wait to get on equipment. They want results. What clubs are selling now is feeling good and having more energy. We're not in the weight loss business. And, in most markets, we're not in the body building business. I think a lot of clubs are headed down the mind-body-soul path. We're not there yet, but we are heading that way. We've been fortunate that over the years we've worked with many of the industry's leaders. Over half of IHRSA's Board of Director's clubs and several of IHRSA's Presidents have been or are our clients. Also, one of the most rewarding things we've experienced is that a lot of the staff we've trained and worked with have grown from staff members and sales people to sales managers, general managers and in some cases, even into ownership. We're in this industry for the long term."

for their first training appointment. You've got to make sure that your first call has no failures and sets the stage. The second call at the 14th day responds to what Sandy Coffman, the excellent service and programming consultant, says and that is that most people start quitting the club between their 14th and 30th day. So, the 14th day call deals with that. Then the Sales Makers Personal Training system is activated where the trainer calls them on the 21st day. And then we call back on the 30th day, either to create more referrals or to correct the direction it is going. If they are not using the club, you've got to get them back in then or risk losing them. After that, we use computer usage tracking during the first 90 days to determine how often they have used the club. We then call everybody that is a non-user to encourage them to come back in. However, club operators should beware of the loss of the personal touch when using computerized sales tracking systems."

Tock continues, "The Sales Makers on-site consulting service provides the following results to our clients: (1) Increased membership sales numbers. (2) Increased monthly dues rates (In many cases). (3) Increased retention. All of these results are typically done with little or no additional advertising costs. Importantly, these results are obtained without discounting dues. Our organization never has and never will be involved in those membership promotions that involve mass mailings and deep discounts of 2 or 3 years paid in advance memberships. Those kinds of promotions involve nothing more than preying on the psychology of the non-user member. Amazingly, there are still promotion companies in business in our industry today that brag about and sell their services with the promise that only 3% of the people that redeem and pay for their discounted membership will ever walk into your doors again! They are totally against the philosophy of what we are trying to do. That is to help people get and stay healthy. Fundamentally, these kinds of promotional companies are operated by "fast-buck" artists who could care less about what happens to the club after they get their commissions." Schuler added, "It's unfortunate in our industry that there are still those kinds of promotion companies taking advantage of club owners. Those promotions usually end up with disastrous long term effects for the club owner. In fact, two of the clubs that my partners and I purchased in the 1980s had previously used these kinds of promotions and were subsequently unable to sell a regular monthly dues membership! Nobody in town will pay a club owner \$45 per month for a membership after he had been

70% of New Memberships From Referrals!

Ray Gordon continues, "I think the big change that has come is that club owners and managers are now realizing that 70% of their new members are coming from existing members through referrals. They have also learned that a major percentage of their day should be spent motivating existing members to come in because they will bring in that 70%. Why spend all of your money and time going after that 30%? To successfully pursue that 70%, we've adjusted our System to make the motivational call to the non-exerciser/new member within 7 days of the enrollment date and not later than 14 days. The reason you have to make the call within 7 days is that the new member is typically excited and very positive during that time frame. They are coming in



Sales Makers Class of 1997

(See Sales Makers page 18)

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Sales Makers

continued from page 16

selling 3 years for \$99! Those promo-consulting companies are like a 'quick-fix' of cash. But, what happens after covering a couple of payrolls this way is that they no longer generate a legitimate membership at a fair price. Sales Makers won't do a quick-fix. We install a system that can keep on working long after we've left."

The Sales Makers Menu of Services

The Sales Makers provide a number of options for club owners to select from. They include:

(1) Three Day Seminar/Workshop - This involves an onsite training program that focuses on the foundation of the system, assistance with hiring and training of sales staff, short-term marketing, customer service training for the front desk staff, sales training for personal trainers, management training and management systems, in the case of new clubs market analysis and positioning in the proper niche. The main focus during this 3-day plan is on membership revenue. Prior to Sales Makers arrival for the seminar the owner is asked to complete an 8-page questionnaire on the club. It is an intense 3-day program.

(2) Six Month Performance Agreement - This program involves on-site presence of a Sales Makers principal for an average 3 to 6 days per month, depending upon the size of the project. During the six months The Sales Makers are on the phone with the club during the week. Reports are e-mailed to Sales Makers twice per week with followup back to the club. Sales Makers will serve as a Management mentor/advisor on all aspects of the club business as desired by the owner. The main focus, however, is to coach and teach The System to club staff for the goal of increased membership sales and member retention without the discounting of price.

They also have a Personal

Training System that has produced extraordinary results!

(3) One and Two Day On-site Consulting - Involves short follow-up visits with Clients as necessary for continued success.

(4) Monthly Maintenance Program - In December, 1999, The Sales Makers installed a new Monthly Maintenance System consisting of regular e-mail or phone feed-back from Sales Makers to the club on data received at least once weekly from the club. The report that the club sends to Sales Makers includes tracking all the pertinent figures. From this report, The Sales Makers are able to provide ongoing and regular guidance for the club on all aspects of the system before too much time passes and a bad sales month results due to the failure to properly execute The Sales Makers System. Tock summarizes, "There are usually just 3 types of club sales managers: (1) Those that make it happen. (2) Those that watch it happen. (3) And, those that go from being #2 to saying at the end of the month, 'What happened?' We don't ever want our clients to be caught in position #3 and the new Monthly Maintenance Program helps them make the adjustments they need to make in an affordable way of keeping us involved once we've taken them to a higher production level through our consulting visits."

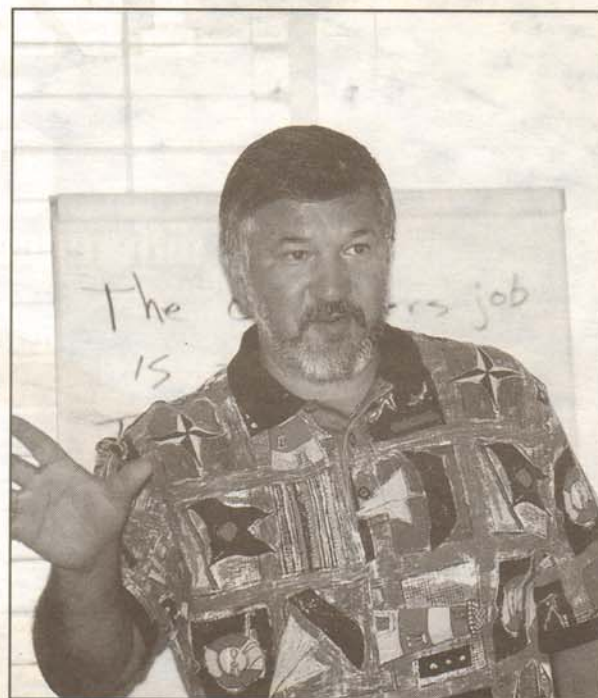
To Summarize The Sales Makers System

Gordon summarized the Sales Makers System as follows, "The whole club must operate with the sales department serving as sort of a hub of the wheel with the various spokes being the departments within the club. It isn't just the sales department bringing the members in through their motivational calls. It has got to be tied into the trainers and scheduling of classes. The membership sales person can fill your message department up, they can do the referrals, they can open up corporations. Everybody has got to buy into the team concept in order to have a winning team. The sales team really is the center of the wheel. But, if you're selling a lot of memberships and don't have a good team of personal trainers, instructors, front desk staff, massage therapists etc. to serve all of those members, it doesn't matter what you do, you aren't going

to keep the members. Vice versa, if you have a good operational product, but do not have a good membership sales department, it's not going to work either.

Gordon's View of the Future

We asked Ray Gordon to give us his view of the industry today, compared to when he began. He replied, "When IHRSA was founded it began to change the industry forever and has continued to do so. Now, largely through IHRSA efforts, the Surgeon General and the media have gotten behind exercise and fitness and that is beginning to make an impact on the public acceptance of health clubs across the world. Then you also have the huge consolidation of the industry that is going on. What I think we provide at Sales Makers is to provide independent operators with a needed marketing and sales edge so they can compete or be superior to a larger chain or a non-profit facility. What we give them is the ability to create more loyal members. An independent club can't compete with these chains on advertising. If you want to be successful in competing with the chains, the key is to build a loyal customer base. Those large chains will dominate markets, but because of their size and how they operate are going to find it hard to build a loyal customer base and loyal staff. Many club owners have a strong belief in their mission and those beliefs flow throughout the club. But, they may lack the marketing abilities to communicate that belief to the community. I think that is a key thing that we do for clubs. Each and every club is looked at as a separate 'special place'. Although we install the same system in each club, we adjust our marketing according to location, size, competition and probably the most important aspect, the beliefs of the owner. That's the staffing end. I predict that in the future more investment will be made by independent clubs in staffing and training than will be made on advertisement. I believe all sizes and types of clubs can succeed, you just need to better define your market. The consumer now has more clubs and more choices. Independents need to build a staff that has a supervised system. Many clubs out there would not even consider allowing their fitness staff to be operated as their sales staff is. The little things that a club can do will make the difference in the future. So, a club is going to have to charge a fair and high enough dues to be able to do the little things. What will allow the independent and privately owned



"Ray Bob" Gordon Teaching Class

clubs to succeed will not be the media, but will be the success level of their non-exercisers. That's the key. Regular exercisers are not as loyal to any specific club. They will go to a multiple number of places to exercise. Also, I think that our industry will be bringing in new employees who are actually thinking about our business as a career right from the beginning. When we bring these young-new and educated minds in and have them looking at the business for a career, that will set us aside from others. That means we are going to have to start paying market price for that kind of quality person, which means our dues are going to have to be kept up there. I've never found the \$19 to \$29 per month to ever be my biggest competition. The club with the reputation and the service is always the toughest competition."

IHRSA Supporters From The Beginning

We asked Gordon about his feelings about IHRSA and he commented, "I've been an IHRSA member since day one. I spoke at the very first IHRSA Convention. I really believe in all the things IHRSA does and I will be a member as long as I'm still in this industry which probably will be the day I die. I've been to every IHRSA Convention and Trade Show for 19 years."

Tock added, "I can't say enough good things about IHRSA. I really appreciate what they've done to help the industry grow. I don't think the industry would exist anywhere near the

size it is right now if it weren't for IHRSA and John McCarthy. The industry definitely needed an influence to reach the level of quality that it is at now and IHRSA and John McCarthy contributed greatly to that."

Tock added, "We ask our clients to do two things when they work with us. One is join IHRSA and the second is listen to us. That's it."

During the years when IHRSA was awarding a Sales Person of the Year Award, two Sales Makers proteges, Barbara Meredith of the Gold's Gym in Newburgh, N.Y. won the first award ever and Tom Butler, Gold's Gym Douglasville, Georgia, also won the award in nineties.

Upcoming seminars/speeches to be given by Sales Makers include: Club Industry East in Boston in June, Lifenergy in Italy in July, Gold's Gym Convention in July, CAN-AT-FIT in Toronto in August, Club Industry in Chicago in October, The Italian Fitness Federation in October, California Clubs of Distinction and NEHRSA in November, IHRSA, Orlando in December and IHRSA SF in March, 2001.

The Sales Makers organization is one of a handful of great sales consulting organizations in the business and have provided their clients with terrific services year-in and year-out. Their time tested Sales Makers System is predicated upon honest-ethical membership sales methods and can be relied on for the long haul to produce results for your club(s). To reach the Sales Makers call: (800) 428-3334 or go online at: www.sales-makers.com

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Meet Mr. Toshikazu Saito - Japan's 'Renaissance Man'

By Norm Cates, Jr.

Toshikazu Saito, 56, was born in Honshu, Japan and studied at the Swiss Federal Institute of Technology. During that time, his travels in Europe caused him to fall in love with the Italian Renaissance era.

In 1969 Saito was hired to work as a chemical engineer by the DaiNippon Ink and Chemicals Inc. (DIC). In charge of the new DIC urethane resin product, he decided to promote it by building an 8 court indoor tennis facility with the urethane

resin for the court surface. This made DIC the first intra-company venture capital operation in Japan.

Saito, a very personable fellow, decided to move from dealing with chemicals to dealing with people. He convinced the owners to upgrade the facility to include a weight room, swimming pool, 2 squash courts and 12 golf practice tees in addition to adding 5 more indoor tennis courts.

Saito's vision, The Sports Club Renaissance, was born. DIC Renaissance is 83% owned by DaiNippon Ink & Chemicals, Inc.

Since that time, Saito, the

DIC Renaissance Chief Executive Officer and President, has grown the company to over 40 locations plus 7 joint ventures with revenues projected for 2000 of \$150 million. The organization serves over 140,000 members. Those numbers rank DIC Renaissance as the 4th largest club company in Japan.

Most of the DIC clubs are in the 40,000 to 60,000 square-foot range. About half of the facilities offer indoor tennis courts, squash courts, golf practice ranges, training gyms, group exercise studios and pools. Another 20 or so facilities are in the 20 to 30,000 square-foot range and provide all of the facilities that the larger clubs do, without the indoor tennis.

DIC also operates Crunch Fitness Club Omotesando which opened in September, 1997 in Tokyo through a licensing arrangement with Doug Levine's Crunch Fitness.

An Active Association Leader

Saito has served as the Vice Chairman of the Japanese Fitness Industry Association, an organization with the same mission as IHRSA in the U.S. He dreams of helping the fitness industry in Japan to major growth over the coming years.

Toshikazu Saito's comments about the industry sharing its expertise through association of competitors reminds me of the thinking of the Founding Fathers of IHRSA nearly 20 years ago when IHRSA was founded. Saito said, "Education is something that must take place on many levels. Asian disciplines like tai chi, yoga and meditation, that work on the heart and mind, as well as the body,

are better known in Japan. However, in order to increase the dissemination of information regarding different types of exercisers, to hone operational skills and to help ourselves grow on a global scale, we must interact - on all levels of the business from owner/manager to instructor and member. What we can get out of such interaction is invaluable, while what we give to each other is so simple."

The Strong Survive

In the late '80s Japan was experiencing the end of the "Bubble Economy" and many clubs that were charging very high prices for initiation fees went out of business. Those clubs that kept their pricing structure reasonable for the masses in Japan thrived. Several of the current top 10 club groups in Japan took advantage of this shakeout by acquiring some of the closed facilities. DIC Renaissance took over 8 such facilities.

Toshikazu Saito - A Visionary In Japan

This nice man, Toshikazu Saito, is a visionary in Japan in the health, racquet and sportsclub industry as evidenced by the following quote published in the publication ASIAFit in the November/December 1998 edition. Saito said, "As the Japanese population ages, the amount of money spent on medical costs skyrockets as well. I believe that fitness clubs will play an important part in helping control the health of our population, as well as, keeping medical costs down to a manage-



Mr. Toshikazu Saito

able level."

"We have to make a conscious effort to design specific training programs for our senior members and in order to tailor our programs to their needs, our staff must continue to undergo an education process."

"In addition, only 2 to 3 percent of the population belongs to a fitness facility compared to much higher rates in the U.S. and Europe. I believe that in order to get up to the standards set in other countries, we will have to increase our marketing skills in particular."

The involvement of bright people in our industry around the world is advancing club business to new heights and levels of professionalism. Toshikazu Saito is one of those bright people our industry is blessed to have.

(Norm Cates, Jr. is a 27-year veteran of the health, racquet and sportsclub industry. Cates was a Co-founder and the 1st President of IHRSA in 1981.)

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A F F I L I A T E D A C C E P T A N C E C O R P O R A T I O N

Why The YMCA Should Pay Taxes

By Norm Cates, Jr.

The article below about the Milwaukee YMCA order to pay property taxes shows that we are making progress!

The ad on the opposite page from this article on page #23 summarizes the facts about this unfair advantage that YMCAs enjoy over their commercial counterparts, the taxpaying clubs across the land. Did you know that even though the YMCAs of the USA want you to believe that they still serve the underprivileged, less than 10% of their membership receives financial assistance? Did you know that many YMCAs have very strict no-kids allowed policies? Did you know that a tax-exempt \$5 million YMCA enjoys a \$600,000 per year financial advantage over a similar commercial club?

Now is the time for all 15,300+ - U.S. commercial health clubs to rise up together and rebel against this unfair no-tax advantage that YMCAs have enjoyed for over

100 years!

Why? Because the YMCAs of the USA no longer have the same mission, the mission of serving youth and the underprivileged, the mission that qualified them for tax-exempt status in the first place. Their mission has become the same as many commercial health, racquet and sportsclubs and that is selling membership and services to the more wealthy members of our society. A recent study showed that the average member of a tax-exempt fitness center earns a salary that is just slightly less than the average member of a commercial health club in the U.S. (\$65,000 vs \$71,400 annually).

In a letter to me a couple of months ago, Roger Ralph stated that he has placed his focus on attempting to get the YMCA back on Mission. We would argue that the likelihood of that happening is slim. Why? Because of money. The Executive Director of the YMCAs of the USA earns a huge salary. More than the President of the United States! Many of the

new-upscale-mega YMCAs pay General Managers almost double what commercial clubs operators pay. In some markets, YMCAs even pay aerobic instructors far more than the average. How can they do this and still stay in business? The answer: They don't have to pay taxes and in most cases have no debt service because the YMCAs are built on donated capital.

The only way to get the YMCA to return to their original Mission of serving the underprivileged and youth is to convince the various levels of governments (Federal, State and Local) that YMCAs should pay taxes because they no longer have the Mission that gave them the no-tax status in the first place. We should all ask the simple question, "Since the YMCA no longer pursues the Mission that initially qualified them for tax exemptions, why should they continue to receive a Government mandated tax-exempt status?"

The Tennessee State Board of Equalization determined on May 28, 1999, that the de-facto

mission of thirteen facilities operated by the YMCA of Middle Tennessee was to compete directly with private, taxpaying clubs. As a result, the Board recommended that all thirteen facilities should lose their tax exemption and be placed on the tax roles. That was a landmark decision that should clearly show the YMCAs that their time is up.

The resolution of this issue is not going to come easy. Nor will it come overnight. This will be a marathon, not a sprint. If you want to join the fight, here is what you should do:

(1) Make copies of the full-page ad headed "Citizens of America!" shown on the page #23 opposite to this article.

(2) Distribute copies of the ad to the following:

(a) Local YMCA Board Members

(b) Local City Council men and women.

(c) State Legislators

(d) U.S. Congressmen and women

(e) All of your members.

(3) Post the ad on high-traffic bulletin boards throughout your club.

(4) Begin to make personal contacts with local YMCA Board Members, City Councilmen and women and U.S. Congressmen and women. Practice delivering your message clearly and briefly. The message we must all deliver in unison is summarized here:

"The YMCAs of the USA no longer perform the charitable Mission that originally qualified them for tax exemptions. So, we ask: 'Why should YMCAs continue to receive tax exempt status?' The answer is they should not. They should now be required to pay taxes because they are now commercial health clubs. We are asking you as a YMCA Board Member, City Councilman or woman, State Legislator or U.S. Congressman or woman (pick-one) to do the right thing and take away the YMCA's tax-exempt status. Tax the YMCAs of the USA."

Become relentless on this issue and we will prevail in changing this unfair policy and getting the right thing done!

Downtown Milwaukee YMCA Told To Pay City \$47,955 Property Tax Bill

By Cary Spivak & Dan Bice
 Milwaukee Journal Sentinel

Y now? Y not?

After months of lobbying, Mayor John O. Norquist and his administration against taxing its glitzy downtown health club, the YMCA finally got its verdict - less than two weeks after Hizzoner's re-election. The non-profit group owes the City \$47,955 for last year's property tax

bill and will likely have to pay a similar amount this year.

So, in other words, the first round in the battle of the well-connected health club operators goes to the Y's competitors.

But neither side will go down easily.

"We need to consider all of our options," said Y spokeswoman Jill Goldberg. "Whether that means legal action or if we have to legislate it in Madison - we need to take it all the way."

So far, the dispute has been fought behind closed doors, both in Madison and Milwaukee.

Historically, municipalities have exempted the non-profit group from property taxes, a status that all but the downtown Y will continue to enjoy.

But private health club owners have long argued that YMCA fitness centers are their competitors and should be taxed as such. These complaints gathered momentum in the past year since the Y opened a \$6.5 million health club, complete with a juice bar, in the Grand Avenue mall.

City officials decided not to tax the other Milwaukee Ys because their fitness centers were only one of numerous services offered at each facility.

In the six months since the city hinted that it might tax this one branch of the 142-year-old institution, here's what's happened:

* YMCA leaders have lobbied Norquist and the State to prevent the City from levying a tax

on any of their Milwaukee facilities. Senate Minority Leader Mary Panzer, a Y board member, was among those urging the State to intervene.

* On March 30 - one day before City Assessor Mary Reavy's deadline for gathering information on the case - the State Revenue Department issued a memo that appears to recommend the Milwaukee Y should stay tax exempt. The amendment, which parroted language suggested by the Y's lawyers, was issued even though the Department's own attorneys argued against the change.

"The Y lobbied the Department of Revenue, and obviously they got this change," Reavy said.

* Both sides contributed to the Norquist campaign while the issue was pending. In mid-March, four area private club owners and Chris Tackett, their Madison lobbyist, chipped in \$3,000.

John Gebhard, owner of

Hartland's Lake Country Racquet & Athletic Club, said he donated \$1,000 to the Milwaukee Mayor because he considers the Y health clubs "a significant threat" to his livelihood.

"I just wanted to let them know I was serious."

Over the past year, Y Board members - a group that includes some of the area's most powerful business and political leaders - kicked in \$6,050 of their own money.

"I honest to God didn't know about the money," said Reavy, a Mayoral appointee who also donated \$250 to Norquist. Reavy said politics played no role in her decision, although she sat in on at least one of the meetings where the Y leaders pleaded their case to Norquist.

The assessor said she realizes the issue is far from resolved.

"I expect I'll be deposed, at the least," she said.

**TAX THE
 YMCA OF
 THE USA!**

CITIZENS OF AMERICA!

DID YOU KNOW THAT THE YMCA's OF AMERICA ARE NOT PAYING THEIR FAIR SHARE?

- (1) Did you know that the YMCA's of America have \$3.1 billion in annual revenue?
- (2) Did you know that even though the YMCA's of America want you to believe that they are a charitable organization, they provide financial assistance to less than 10% of their membership?
- (3) Did you know that YMCA's do not pay ANY real estate taxes, personal property taxes, State Income Taxes or Federal Income Taxes?
- (4) Did you know that a Tax-Exempt \$5-million YMCA enjoys a \$600,000 annual cost advantage over a taxpaying commercial health club that provides the same services?
- (5) Don't you think it is about time that all YMCAs in the U.S. start sharing YOUR TAX BURDEN by paying their fair share of all of the above taxes?

REBEL TODAY!

Contact your local YMCA Board Members and inform them of this Travesty of tax justice! Contact your County and City commissioners and councilmen/women and tell them the TRUTH about this YMCA NO-TAX SHAM! Contact your State Legislators and demand that YMCA's be required by State Law to pay THEIR FAIR SHARE of State Taxes. And, finally, tell your Congressmen/women that YMCAs across America should begin to pay THEIR FAIR SHARE of income taxes just like all other commercial businesses in America must do!



Harford County Coalition for Fair Competition

*Tax Paying Businesses Working with Tax Exempt Organizations
To Build a Better Harford County*

FAIR COMPETITION CHART AN UNLEVEL PLAYING FIELD - WHY YMCA'S COMPETE UNFAIRLY WITH TAX PAYING HEALTH CLUBS*

	ANNUAL COST TO THE YMCA	ANNUAL COST TO HEALTH CLUBS	DIFFERENCE
LAND CARRYING COSTS Land valued at \$200,000 per acre; 5 acres (\$1,000,000, 15 yr. loan at 8% interest)	0	\$114,678	\$114,678
BUILDING MORTGAGE \$4,000,000 borrowed at 8% interest, 15 yrs. (Y receives 50% in contributions)	\$229,356	\$458,712	\$229,356
FURNISHINGS & EQUIPMENT \$400,000 borrowed at 9% interest, 5 yrs.	0	\$99,640	\$99,640
POSTAGE Non-profit sector receives a 33% discount and free distribution via schools and govt. agencies	\$6,600	\$10,000	\$3,400
PERSONAL PROPERTY TAXES (tax rate of \$3.65 per \$100 on \$400,000/ 40% assessed value)	0	\$12,000	\$12,000
REAL ESTATE TAXES (tax rate of \$3.65 per \$100 on \$5,000,000/ 40% assessed value)	0	\$73,000	\$73,000
STATE INCOME TAXES State tax rate of 7% on a profit of \$280,000	0	\$19,600	\$19,600
FEDERAL INCOME TAXES Federal tax rate of 22.25% on first \$100,000 and 39% on next \$100,000 - assumes \$280,000 annual profit.	0	\$92,250	\$92,250
TOTAL ANNUAL COMPARATIVE OPERATING COSTS	\$235,956	\$869,880	\$633,924

* Assumptions based on a \$5,000,000 health club project on five acres.
As a result of its tax exempt status a non-profit organization like the YMCA can charge 25-50% less to its members than a tax paying health club. In the example above, a tax paying health club with a membership of 2000 would have to charge \$26.00 more per membership per month than the Y simply to cover tax and debt service costs that Y's do not have.

THE ATHLETE'S KITCHEN PROTEIN SHAKES: Do They Add Power To Your Sports Diet?

By Nancy Clark, MS, RD

Which brand of protein shake is best to gain weight?"

"How many protein shakes should I drink in a day?"

"Is designer protein better

than, let's say, chicken...???"

Active people have lots of questions about protein, protein shakes and their role in an exercise program. Do these engineered foods provide superior sports nutrition? By looking around the health food store, the abundance of protein shakes suggests they are a popular item. They are promoted as a simple way to eat well without cooking. Ads also suggest these "designer foods" are better than, let's say, chicken and tuna.

If you are wondering about the role of protein shakes in your sports diet, keep reading. The following information can help you evaluate the best ways to optimize your protein intake—as well as spend your food budget wisely.

Question: "I want to bulk up and gain weight. I've started drinking three protein shakes per day as between meal snacks. (This is what the manufac-

turer recommends.) Is this enough or too much?"

Answer: To determine how many protein shakes you need, you first should determine how much protein your body actually can use. While adequate protein is important to enhance muscle growth, more may not be better. Excess protein will not convert Joe Wimp into Mr. Muscle. To bulk up, you need extra calories, adequate protein, and hard training—plus good genetics.

Most exercise scientists agree 1 gram of protein/pound of body weight is a very generous protein allowance for athletes building muscle mass. (More likely, 0.5 to 0.75 gms protein/pound will do the job just fine, but let's be generous.) This means a novice 180 pound body builder gets more than enough protein with 180-grams of protein/day. He can easily consume that much in one quart of skim milk, two cans of tuna, and 8 ounces (two small breasts) of chicken. Because you can get more than enough protein from your diet, you have no need to consume shakes on top of this.

You simply need more wholesome calories—easily consumed by drinking extra juice and lowfat milk.

Question: Is the protein in designer shakes more effective than the egg whites, tuna, and chicken I eat with my meals?"

Answer: With names like Lean Mass, N-large, Pure Protein, Lean Protein, and Protein Revolution, the scientifically engineered products can leave you wondering if mundane chicken, tuna, and eggs are an equal match. Plus, ads that rave "extremely bioavailable whey protein isolate", "no cheap protein blends" and "highest quality protein" also leave the impression that tuna doesn't quite make the grade. Doubtful.

The protein from natural foods works perfectly fine, despite having no labels that claim "premium protein," "hydrolyzed pro-

tein," or "ion-exchanged whey." Any animal protein is "high quality" and contains all the essential amino acids you need to build muscles. Eating balanced meals and then drinking protein shakes for "high quality protein" is an outrageous claim. (See Nancy Clark page 25)



Nancy Clark, MS, RD

WINNING BOOKS

"If you have a question about nutrition, food, or weight, Nancy Clark's Sports Nutrition Guidebook will give you the answer. It's as simple as that!"



"With 80 pages of nutrition advice and a user-friendly collection of fast and yummy recipes, this book is perfect for me, a hungry athlete who slightly cooks."

ALSO AVAILABLE

- Audiocassette: Cling Tips for Active People (40 minutes: \$10.95)
- Teaching materials: Sports Nutrition Slide Show (\$13.95)
- Eating Disorders & Exercise Slides (\$13.95) • Sports Nutrition Handouts (\$14.95)

ORDER FORM Enclosed is \$_____ (price includes postage)

- The NYC Marathon Cookbook \$20
- Sports Nutrition Guidebook, \$20
- Both books—only \$34!
- Weight Loss Audiocassette, \$10.95
- Brochure on teaching materials

Name/Phone _____
Address _____
Send check to Sports Nutrition Services,
830 Boylston St., Brookline MA 02447
781-894-1358 • www.nancyclarkrd.com

Bob "Mr. Inspiration" Wieland

Bob Wieland is a very special man. He has gained nationwide notoriety because he served his country in Viet Nam. While in combat, a heavy duty mortar shell took both of his legs away forever. Just surviving was a miracle. But, the real miracle is what this man has done with his life since that terrible turn of events in Southeast Asia. Check out the list of physical feats he has accomplished since returning from Viet Nam. Nothing short of absolutely incredible!

Bob Wieland made a special personal appearance at the Hoggan Health Industries' exhibit at IHRSA 2000. He demonstrated equipment and talked with customers right there alongside another incredible man, Lee Haney, Mr. Olympia for 8 years in a row! Check out Bob's life history. It is truly amazing.

And, the next time you are having a 'bad-day' just stop for a moment and remember "Mr.

Inspiration", Bob Wieland, a man that would not quit.

*June 14, 1969 Lost Both Legs in Vietnam

*National Football League Players Association in conjunction with the Jim Thorpe Foundation named Bob as the most courageous man in America and they presented him with the National Award for Courage. 1995

*People Magazine honored Bob as one of the 6 most amazing Americans in the past 20 years. 1994

*Former strength and motivational coach Green Bay Packers. 1991-1992 season

*Walked across America on his arms in 3 years, 8 months and 6 days from 1982 thru 1986.

*Former 4-time world record holder in the bench press record of 507 pounds.

*Competed in the New York, Los Angeles and Marine

Corp., Marathons.

*Only double amputee to complete the grueling Ironman triathlon course in Kona, Hawaii without the use of a wheelchair.

*1992 Television Talk show host, Beating the Odds, on Sports Channel America.

*Faculty member, outstanding graduate and alumni of California State University, Los Angeles.

*Author of "One Step At a Time"

*Former Member of President's Council on Fitness and Sports.

*Named one of America's Top Ten Fitness and Member of the prestigious Healthy American Fitness Leaders Association.

*1996 - Completed 6,200 mile bike circuit, twice across America in conjunction with the Congressional Medal of Honor Society.



Bob Wieland - "Mr. Inspiration"

For more information about Seminars or Products contact: Bob "Mr. Inspiration"

Wieland, (626) 836-0667, P.O. Box 662137, Arcadia, CA. 91066 or go to www.mrinspiration.com

Norms Notes...

continued from page 12

ment System. The center Ribbon Cutting was May 9th. Tim was one of the Founders of IHRSA nearly 20 years ago and has taken up running the **Boston Marathon** over the last 3 years at age 55+. Congratulations Tim and Sheila!

•IHRSA has announced that it will launch a major **Latin American Club Business Event** in partnership with **Fitness Brasil**. The event will be in San Paulo, Brazil, October 17-19. Check out our new monthly feature we are going to call the **CLUB INSIDER** News World View on page #26 for more International News.

•Life Fitness Director of Vertical Marketing, **TIM MCCARTHY**, has announced that "**The Fitness Experience**" has won the **Commercial Dealer of the Year Award**. The Elmhurst, Illinois-based company operates 17 stores under the leadership of company president, **DOUG PEARSON**. Congratulations Doug and Team!

•**PAT PINE**, the President of the **National Fitness Therapy Association** in Denver has gone on-line with their newsletter. Check it out at: www.nfta.org and click on **NFTA Information** then click on **Spring Newsletter**.

•IHRSA Board Member, **GEOFFREY DYER** has opened his 9th Tampa area **Lifestyle Family Fitness Center**. Goodday and Good

Luck Mate!

•I really wonder about **Patent Law**. Can anybody out there tell me how in the world the **Iron Grip Barbell Company** got a patent for its plates with holes in them? **MAN!** Way back in history there is a long-line of weight plates with holes in them. Just check out **Ivanko Barbell Company's Historical Poster** that was on display at the IHRSA San Francisco Trade Show. We ran a reduced version of Ivanko's 10" X 16" poster on page #13 of our April edition.

•**Sport and Health** has expanded again in the Washington, D.C. area with the addition of two new **Fitness Equation** facilities in Tysons Corner, Va. And the White Oak area of Silver Spring, Maryland. Good luck to **DON KONZ, Sport & Health Founder and CEO**, with these new ventures!

•Speaking of Washington, D.C., check out the **Washington, D.C. 9th Annual International Fitness Conference and Trade Show**, July 13-16th. For information call: 800.DCAC-551 or go to: www.dcacinc.com.

•The folks at **WOW!** **Work Out World** raised over \$4,500 in donations for the **St. Jude Children's Research Hospital** by holding a special "work-out" event at each **WOW New Jersey** location.

Nancy Clark

continued from page 24

geous concept—and expensive. Don't bother! For the \$26 you spend on a box with 12 MetRx packets, you can buy lots of dried milk powder—the least expensive protein power around. And you'll get not only high quality protein, but also a whole package of balanced nutrition—perfectly designed by Nature.

Question: I get confused when I read the ads in muscle magazines. They are filled with terms like "protein digestibility" and "bioavailability." Does this make them better?

Answer: In an overall well balanced diet, engineered protein offers no advantages over standard protein-rich foods. As long as you are healthy and have a functioning digestive tract (as opposed to patients in the hospital with intestinal disease), you need not worry about your ability to digest or utilize protein. Digestibility and bioavailability are an issue in third-world countries where protein and calorie intakes are inadequate and every amino acid counts—but not in America where protein and calorie excesses are more common than deficiencies. (Adequate calories

are needed to spare protein from being burned for fuel.)

Question: I'm lazy and have started to drink a protein shake for breakfast instead of eating cereal. Is that OK?

Answer: As an athlete, your body needs a foundation of carbohydrates at each meal to fuel your muscles. Some protein is important to build, protect, and maintain muscles, but too much protein displaces carbs. That is, by having a protein shake instead of cereal, you may consume only 20 to 30 grams of carbs as compared to 100+ grams with your cereal, milk and banana. Athletes should target 3 to 5 grams of carbohydrate per pound of body weight. That's at least 450 grams for the 150 pound athlete. Protein shakes fail to help you reach your carb quota—and can leave you feeling easily fatigued.

Cereals also offer more fiber and other health-protective nutrients than do engineered foods. Hence, I recommend you be responsible instead of lazy. You have taken on the responsibility to train; you can also take on the responsibility to eat whole foods that fuel well. No engineered food can match the complex balance of nutrients designed by Nature. Sure you can save the protein shake for "emergency food" on hectic days, but

keep the cereal as part of your standard daily diet.

Question: I eat very little protein at the college dining hall. I think I should supplement my diet with protein powder, but I don't have much money to spend on protein shakes. How can I make my own?

Answer: Packaged protein shakes are indeed expensive. You can either spend \$2.30 for a packet of MetRx (\$0.06/gram of protein) or you easily make your own version for less than \$0.03/gm protein. Here's my favorite: In a blender, mix 1 cup milk, 1/3 cup milk powder, 2 tablespoons instant pudding mix (any flavor; this thickens the shake to a pleasant consistency) and 4 ice cubes. Blend for a minute or two, until the ice is gone. Optional: add banana, berries, and/or sweetener as desired. This shake offers 16 grams of protein. Also eat some canned tuna and cottage cheese, and you've succeeded at boosting your protein easily—without cooking and within a reasonable budget.

(Nancy Clark, MS, RD is nutrition counselor at Boston-area's SportsMedicine Brookline. She is author of the best selling *Nancy Clark's Sports Nutrition Guidebook, Second Edition*. It is available by sending \$20 to Sports Nutrition Services, 830 Boylston St., #205, Brookline MA 02467 or via www.nancyclarkrd.com)

"It Has Come To The Point Where Buying Brand New Fitness Equipment Is A Waste Of Money!"

Buying Professional Fitness Equipment Is A BUSINESS EXPENSE!

That's why YOU need solutions to help you cut costs without sacrificing durability or name brand. You know lowering the cost of doing business directly improves bottom-line profits.

Worldwide Fitness, Inc. has a way for you to improve profits by reducing your operating costs. Without your members having any idea that you didn't buy brand new equipment and spend twice as much money as you did!

Worldwide Fitness offers fitness center products that have already depreciated in value. We provide you a consistent supply of **Bank Repossessed, Refurbished, Brand New, and Factory Blemished** gym fitness equipment.

We Believed Business Owners Wanted to Save Money On Operating Costs To Free Up More Capital To Grow.

If you buy your cardio equipment from **Worldwide Fitness** and save \$30,000. And you add this new found capital to your advertising and marketing budget, you will see exponential growth in cash flow and profits. This \$30,000 savings can bring in 200 extra members. If you get \$350 for each new member in the first year, that's \$70,000 added to your gross sales. That's extra income over and above what you're already doing.

Could your business use an extra \$70,000?

We Invest Over \$250,000 Every Month To Assure You Save Money.

The whole operation is a huge undertaking. With over 25 employees and a monthly payroll around \$50,000. More than \$30,000 in building leases. Over \$20,000 a month is spent on replacement parts to refurbish the equipment. The cost to buy this depreciated equipment is over \$150,000. The point is we have made the necessary investments to insure a consistent and reliable product for you.

We've put ourselves in a position that forces us to perform for you or we don't make a profit. I'm not trying to impress you but I want you to see our commitment. We must satisfy you so you will buy from us on your next fitness room project and refer more customers to us. We can't service our huge overhead without repeat business.

Guaranteed To Look Like New, Work Like New, And Make Everybody Think You Paid Full Price.

When our client's come see our National headquarters in Orange, California, they're amazed. They enter our gigantic warehouse with over 1,000 machines on racks 3 stories high. It looks like 50 health clubs went out of business and we bought all their inventory. When we tour them through our state-of-the-art remanufacturing facility, they say they've never seen anything like it. When they see our finished product they think it's brand new, and after we convince them that it isn't, they say they will never buy brand new fitness equipment again.



We warranty this equipment, give you a National service technician network, and give you 24 hour technical information on our award winning website. You see, the only equipment we sell is the top brands: **LifeFitness, Cybex, Stairmaster, Trotter, Precor, Star Track, Paramount, Tecc, Quinton** and others. These manufacturers have built a national service network that we have access to when our customers need service. It's as easy for us to repair a treadmill in New York as it is in California. We take care of your business.

We Have Over 1,300 Customers That You Can Speak With To Give You Buying Confidence

In today's business climate you have to protect yourself from mis-information. You can't take advertising statements as fact. We understand this, and make accessible to

you our past customers so you can make your own judgments, we don't want you to make a mistake. We want to make sure this is the right buy for your business.

"Worldwide Fitness Saved Me Over \$150,000 And My Maintenance Staff Still Thinks The Equipment Was Brand New, I Don't Feel I Sacrificed Anything. I Will Do All My Future Purchases With Worldwide."
 (Mike Boccieri is the CEO of 5 YMCA's)

"I Bought My Equipment From Worldwide For my second Club. I Saved Over \$25,000 And Used These Savings To Increase My Advertising Budget. This Extra Advertising Money Allowed me To Hit My One Year Sales Goals In My First 90 Days." **Stephen Priest, MS, Fitness Health Club.**

We Make The Buying Process Simple, So You Can Spend More Time Running Your Business

Your time is valuable so we make the process easy. It starts with a phone call from you, to one of our customer assistants. You are asked some questions to provide us with needed information. Next, a complete packet of information is expressed out to you. This packet contains: A video tour of our facility, a customized video of the machines you need. A proposal with all your options, prices and freight charges. Loan layout if needed, samples of rubber flooring and other samples.

When you receive your packet you'll get a follow up call from your customer assistant to answer any questions. When all your questions are answered and your proposal looks better than any of your other options, you can get the deal started by faxing us a copy of your 50% deposit. Technology has provided a time saving payment solution called "Checks-By-Fax". Of course you can mail your deposit if you want. This way your order starts immediately.

You Can't Afford To Pass This Up Without At Least Getting A FREE Packet And Proposal.

The pressure to grow in today's business climate is high. Grow or die is the rule of the future. You have to look at all your options and do what gives you a competitive advantage. Your customers think the best fitness equipment is what you provide them. They like the equipment your staff trains them on. A treadmill made 2 years ago is no different than the one made yesterday. The only difference is how much money it cost YOU. How much of your operating capital had to be used to acquire the new equipment? Anybody can spend too much money. The most successful and wealthy business people are the most spend thifty.

Call 714-283-0355x23 Today. Send an email to

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www1@ni.net, and/or go to our award winning website www.Worldwidefitness.com

Sincerely
 Steve Pasterson
 Worldwide Fitness, Inc.

P.S. It's hard to grow a business and waste money at the same time.

The CLUB INSIDER News World View

MONTHLY NEWS FROM AROUND THE GLOBE

•IHRSA recently announced plans to organize the first-ever **IHRSA Latin American Conference and Trade Show** (Sao Paulo, Brazil, October 17-19).

•The event will be organized with IHRSA's partner, **Fitness Brasil**, and will be the first major event in Latin America designed to bring together club owners and managers from the entire region. All of the major industry suppliers will exhibit, and the top U.S. and Latin American presenters will speak. Mark Mastrov, CEO of Fitness Hold-

ings Worldwide will be a featured guest speaker. Sessions will be translated into Spanish and Portuguese.

•Also later this year, IHRSA will organize its first-ever **European Institute for Professional Club Management** (England, November 1-4). Based on the popular North American management training school, the European Institute will feature leading club business instructors from both the American and European markets.

•**500 United Kingdom** health clubs have banded together

with BUPA to offer discounted memberships to BUPA (one of the U.K.'s top private health insurers). More later.

•**Esporta** reported 1999 year end gross revenue rose 36% to \$102.4 million with 23 Clubs open and a goal of 46 clubs by the end of 2002.

•**STEVEN PHILPOTT**, Managing Director of **David Lloyd Leisure**, a subsidiary of **Whitbread PLC** in Great Britain, announced that revenues are up 34% to \$158.9 million (USD) and operating profits in-

creased 38%. DLL now has 55 facilities serving 190,000 members.

•**GRAHAM REDDISH**, Chairman of **Holmes Place PLC** 16 new facility openings, 11 in the United Kingdom and 5 in Continental Europe. As of 1/1/2000 Holmes Place operated 53 clubs with 35 owned.

•**Leisurenet**, in South Africa had a 50% stock surge, then slid, after a report that a leading American club company was going to acquire the company. 1999 revenues at Leisurenet exceeded \$185 M.

•In Japan, the **People Com-**

pany now owns 114 clubs, franchises 21 and licenses 186, giving the company a strong world leadership role. USD revenues grew 10.9% to \$500,321,344 in 1999 with net income up 36.1% to \$22,143,966 (USD)

•**Cannons Group, HARM TEGELAARS'** 38 club U.K. chain reported 1999 gross revenues of \$111 million (USD). Tegelaars expects to open 8 new clubs in 2000 with 13 clubs in various stages of development.

(World View information obtained courtesy of IHRSA.)

STRENGTH TRAINING FOR ADULTS

By Ted Lambrinides

Once thought to be an activity appropriate for athletes and body-builders, strength training is emerging as a valuable component of a comprehensive fitness program for individuals of all ages. The physiological reasons for inclusion of a strength training program for an adult are as follows:

1) Maintenance of muscle mass. Aging brings the accumulation of fat and the loss of muscle mass. The average individual between the ages of 20 and 55 will gain 20 pounds of fat and lose 10 pounds of muscle. Men in their 80s can lose another 20 pounds of muscle mass, while gaining 7 pounds of fat after age 55. Muscle mass is extremely important for keeping one's metabolism running high (hence - burning more calories) which aids in curtailing the gradual gain in body fat. Strength training increases your muscle mass, which increases your resting metabolism helping prevent this creeping obesity.

2) Increases functional capacity. Functional capacity relates to the ability to perform daily functional tasks effectively. One study found that 40 percent of healthy 80-year-old women could not negotiate a 16-inch step without help. The average healthy 80 year old women has to make a maximum contraction of the muscles over the front of her thighs (quadriceps) to rise from a low, armless chair or from a toilet seat. Strength training has been proven to improve performance in daily functional activities such as climbing several flights of stairs, gardening, mov-

ing furniture around the house, reducing the probability of falls in the elderly, to walking briskly through the airport carrying a 25 pound suitcase. Strength training helps maintain functional independence, which translates into an improved quality of life.

3) Recent studies in adult populations have shown strength training to reduce the risk of coronary heart disease, non-insulin dependent diabetes, and certain types of cancer.

While it is important to know why to strength train it is of equal importance as to know how. Several prominent organizations have recently published strength training guidelines appropriate for elderly persons, patients with cardiovascular disease, and healthy sedentary and physically active adults. Table 1 lists the various groups and their recommended guideline:

Table 1. Strength Training Guidelines for Sedentary Adults, Elderly People, and Cardiac Patients

Guideline	Sets	Repetitions*	Number of Exercises	Frequency (Days per Week)
Healthy Sedentary Adults				
1990 ACSM Position Stand	1	8-12	8-10	2
1995 ACSM Guidelines±	1	8-12	8-10	2
1996 Surgeon General's Report	1-2	8-12	8-10	2
Elderly People				
Pollock et al. 1994	1	10-15	8-10	2
Cardiac Patients				
1995 AHA Exercise Standards	1	10-15	8-10	2-3
1995 AACVPR Guidelines	1	10-15	8-10	2-3

ACSM = American College of Sports Medicine; AHA = American Heart Association; AACVPR = American Association of Cardiovascular and Pulmonary

Rehabilitation

*For healthy people under age 50, weight should be sufficient to induce volitional fatigue with the number of repetitions listed. For older people, lighter loads may be used.

Minimum one exercise per major muscle group (e.g. Chest press, shoulder press, triceps extension, biceps curl, pull-down, lower back extension, abdominal crunch/curl-up, quadriceps extension, leg curls (hamstrings), calf raise).

(1995 ACSM guidelines also included low-risk diseased populations.

(Table 1. Reprinted with permission from The Physician and Sportsmedicine. Vol. 25, No. 2, 1997.)

One of the most important aspects of a strength-training program is the proper execution of an

1 to 2 seconds to raise the weight and 2 to 4 seconds to lower the weight. The weight should be heavy enough to allow the prescribe number of repetitions shown in table 1. If the weight is too heavy to allow for the completion of the repetition reduce the weight. If several more repetitions could have been completed because the weight was too light, increase the weight by 2.5 to 5 pounds for the next workout.

It is important that proper breathing be maintained when strength training. Far too often individuals hold their breath when strength training and this can be potentially dangerous. Holding your breath or attempting to exhale while your mouth is shut can raise blood pressure to dangerous levels and can trigger fainting in some individuals. Exhale when raising the weight and inhale when lowering the weight during the each set of exercises.

The rest time between exercises should be anywhere from 30 sec-



Ted Lambrinides

clude exercises that work the entire body. Eight to 10 exercises should take most individuals approximately 30 minutes to complete. Since strength training is part of a comprehensive exercise program, the cardiovascular conditioning phase can precede or follow the strength training program. Personal preference will generally dictate the sequence of the program.

It is important that each training session be charted to help gauge progress and ensure proper scaling adjustments are made each workout. While strength training has much to offer, please check with a medical/health professional for clearance and advice prior to engaging in a program.

(Ted Lambrinides is the Director of Education for the MedX Corporation. He also directs the Exercise Science program at Thomas More College. Ted serves as a consultant to several NFL teams and several major colleges.)

exercise also called a repetition. It is important to raise and lower the weight in a controlled speed of movement and through a full pain-free range of motion. It should take about

onds to 90 seconds depending upon your level of fitness and perceived level of exertion.

A strength training program should be balanced in that it should in-

IHRSA's Capitol Report

Capitol Report Reprinted Courtesy Of IHRSA

DETROIT Y PLANS TO RAISE \$34 MILLION

The YMCA of Metropolitan Detroit plans to launch a \$34 million capital fund drive late this summer to help propel the development of three new Y's in Southeast Michigan.

However, not everyone is happy about the Y's fundraising push. On April 10, Crain's Detroit Business reported that "private club owners and managers contend the YMCA is stepping away from its charitable mission by building in suburban areas."

"People give them money to build. We have to take out a mortgage," said IHRSA member Jocil Rogus, President of the Rochester Hills Tennis and Swim Club.

"They are always trying to (build) with a nonprofit benefit and drive the little guy out," said Bob Madole, President of University Racquet and Health Club Inc. in Auburn Hills. "They originally were serving the poor and the needy but are (now) building in affluent areas."

Madole said that giving the YMCA a tax advantage to build makes competition that much more difficult and unfair.

Victory! College Drops Pool Plan

John Brinson, owner of Lehigh Valley Racquet and Fitness Centers, reports that Cedar Crest College in Allentown, Pennsylvania has dropped its plans to build a \$5.7 million aquatics center. The private college had hoped to build the center, financed partly with a \$2.5 million state grant and operated by a nonprofit swim club, to sell memberships to the general public.

Brinson, a staunch supporter of fair competition principles, wasn't about to let this misuse of tax dollars happen on his watch. He organized the Independent Fitness Clubs of Lehigh Valley, and vowed to use the fair competition provision in the state's Public Charities Act (which Brinson helped write) to stop the aquatic center from competing unfairly with small businesses.

After reviewing several options, the college cited "rising construction costs" as its reason for dropping the project. No doubt, college officials knew they had a major fight on their hands if they preceded as originally planned.

"They figured that they would out last me, that after a while I would have said the hell with it," said Brinson. "I decided a while ago to take the principled approach, to use the law if necessary to fight this misuse of funds."

In the end, those fair competition principles won out.

Missouri Rec Center Defeated

In Ferguson, Missouri voters rejected a property tax increase on April 4 that would have financed a 60,200-square-foot, \$13.5 million community center.

The proposed tax hike to build a rec center was defeated by a 54-46% margin, thanks in part to opposition by anti-tax groups.

Despite Vote, Illinois Rec Center to Go Forward

On April 10, The Chicago Tribune reported the following:

Contrary to the wishes of a majority of residents who voted last month, the Downers Grove Park District is proceeding with a controversial plan to build an outdoor aquatic facility and a recreation center.

"When all was said and done, it was a non-binding referendum," said Park Board President Susan Dunlap, referring to the advisory-only question placed on the March 21 ballot by residents opposing the project. "I think we all need these facilities."

The facilities, estimated to cost about \$15 million includes an eight-lane, 25-yard lap pool, a children's pool, slides and a sand play area. The 65,000-square-foot recreation center is to include several gyms, a gymnastics area, a fitness center, a jogging track, aerobics rooms and child-care areas.

With 6,939 voters telling the Board to scrap the plan and 5,747 in favor, Commissioners said they have been struggling for a response to the issue that has polarized the community.

Last week, the Board gave the green light to prepare the project plans for review by the Village's Zoning Board of Appeals.

Residents who object to the project are promising to keep up a vigorous fight.

"We will be there to protect our residential rights," Belmont Road resident Jennie Napolski told the board last week. "You are voting against the wishes of the people."

The Village Council has final say on whether the project can proceed.

CRUCIAL WEEK FOR PEPACT

The Physical Education for Progress (PEP) Act, which would

authorize \$400 million to initiate, expand, and improve physical education programs for kindergarten through 12th grade students, goes before the Senate today.

Nineteen Senators have co-sponsored the bill, but more support is needed. Please call (202) 224-3121 today and ask your U.S. Senators to support Senate Bill 1159!

ILLINOIS SCHOOL SETS PEP MODEL

For its unique approach to physical education, the Naperville, Illinois school district has been named a model program by the Centers for Disease Control and Prevention.

In this morning's edition, USA Today reports:

Students leave high school in Naperville with a second kind of transcript besides the one that tracks classes and grades.

It is a fitness profile dating to the sixth grade, and it provides a personal history on blood pressure, cholesterol levels, body fat percentage and the student's cardiovascular performance.

Naperville decided to modernize its approach to PE about 15 years ago after making the painful realization that its gym classes were failing to serve the community.

"We had a staff meeting, and someone brought in an article on the trend of obesity and kids," says Phil Lawler, the district's PE coordinator. "We said, 'Is this a reflection on us?' That day, we made a decision. We went through our whole curriculum and said let's put all of our emphasis on cardiovascular fitness..."

Naperville makes extensive use of heart-rate monitors, teaching children to learn in a "target-rate zone" that raises the pulse but doesn't exhaust the student.

"We grade kids on how well they stay in their target-rate zone," Lawler says.

The results are happier, more confident, and more academically successful students.

Over the last two years, 40 schools have sent representatives to study Naperville's program.

To see the entire story, visit <http://www.ihrsa.org>.

MAY 3 WAS TAX FREEDOM DAY(r)

This year, U.S. taxpayers had to work from January 1 until today — the 124th day of the year — before earning enough money to pay for federal, state and local government. Since tax-exempt fitness fa-

cilities add to the tax burden instead of paying their fair share, club operators should keep this day in mind for the next time they encounter someone who claims that tax-exempt competition in the fitness industry doesn't affect them.

National Tax Freedom Day, which is announced each year by the nonprofit Tax Foundation, is used to illustrate the portion of the American budget that goes to pay for taxes.

The tax burden borne by different states varies considerably. Connecticut, Wyoming, and New York have the latest Tax Freedom Days this year, with all occurring in mid-May. Six states shared the earliest Tax Freedom Day on April 23rd: Mississippi, Alabama, Kentucky, Alaska, Tennessee and Oklahoma.

National Tax Freedom Day has advanced almost two weeks from April 20 in 1992 to May 3 in 2000!

[Here is this week's Capitol Report. To unsubscribe, just reply and type "unsubscribe" in the body of the message. The on-line version is at <http://www.ihrsa.org/cr/051000.html>. Comments are welcome!]

CASES PROGRESS- ING AGAINST 2 PENNSYLVANIA Y'S

On April 27, the Superior Court of Pennsylvania transferred the Sports Club's complaint against the Ridley YMCA to the Commonwealth Court, explaining that the prior lacked proper "jurisdiction over an appeal in an action involving a not-for-profit corporation."

The Sports Club's complaint against the Ridley Y was the first ever filed under the state's Purely Public Charities law enacted in 1998. That law states that "institutions of purely public charity should not use their tax-exempt status to compete unfairly with small businesses."

This action is sure to dis appoint Y officials as they had asked the court to dismiss the complaint altogether. The Sports Club and the Y will argue their cases before the Commonwealth Court later this year.

In its decision, the Superior Court noted "the legislature's express intent to establish uniform standards for determining eligibility for tax-exempt status in all proceedings throughout [the state]. The

requisites for challenging tax-exempt status or for seeking relief pursuant to [the Act] should also be uniform."

The Superior Court reasoned that since the Commonwealth Court "has historically heard appeals regarding tax-exempt status...[and] has developed expertise in this area of law," proper jurisdiction for the case lies with the Commonwealth Court.

Further, the court stated that the Sports Club's case "appear[s] to call for a fairly straightforward interpretation of the Act."

Meanwhile, late last year in western Pennsylvania, The Fitness Factory filed a separate complaint under the Purely Public Charities Act against the Butler YMCA. Oral arguments have been scheduled and should result in a court decision this summer.

IHRSA is providing financial support to both challenges.

These cases, along with Allegheny County's January decision to tax the Pittsburgh Y, have clearly put the heat on the Y in Pennsylvania to justify tax-exemption for fitness centers. Stay tuned!

SAN FRANCISCO OUTLAWS SIZE DISCRIMINATION

San Francisco's Board of Supervisors has passed a bill banning discrimination based on a person's size.

Known as the "fat ordinance," the measure adds weight and height to the same antidiscrimination codes that provide protections based on race, religion, color, ancestry, age, sex, sexual orientation, gender identity, disability and place of birth.

San Francisco joins a short list of places — Michigan, Santa Cruz (CA), and Washington, DC — with similar statutes.

Advocates say the ordinance is a necessary remedy for all those who have ever been insulted, denied a seat at a restaurant or rejected for a job because of their appearance.

"We're convinced that this is a serious problem that represents a loss of civil rights," Larry Brinkin of the San Francisco Human Rights Commission told the San Francisco Chronicle.

"[The measure is] really not requiring them to do anything that they aren't doing already," to comply with the Americans with Disabilities Act, said Carole Cullum, an attorney for the city.

Get your club kid-ready before school lets out next month! Order IHRSA's legal briefing paper entitled "Kids in Your Club and the Laws that Protect Them" by calling Member Service.

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THE Club Insider Norm Cates' NEWS

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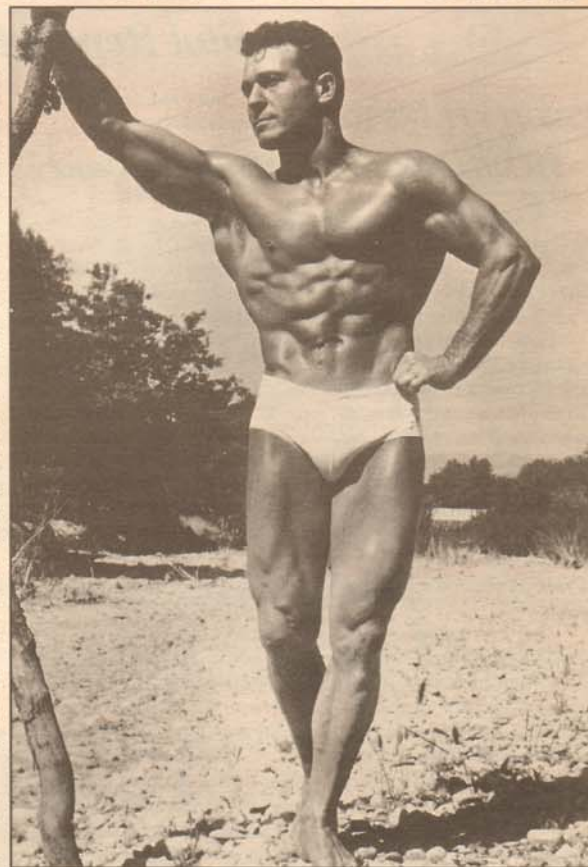
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Jack LaLanne Feats

Publisher's Note: In our April, 2000 edition last month, Jack LaLanne was our Cover Subject and we featured an in-depth interview with the living legend. Unfortunately, we ran out of space in that issue and did not publish Jack LaLanne's incredible list of physical feats that he has accomplished to celebrate his birthdays over the years. That list appears below for your enjoyment. Oh, yes. Just in case you missed our incredible April edition with Jack LaLanne, he told us he plans to swim UNDERWATER 29 miles from Catalina Island to Newport Beach, California, on his 86th birthday on September 14th! He expects that feat to take him 29 to 30 hours! All underwater! **DON'T MISS** the Club Industry East/NEHRSA Convention and Trade Show in Boston, June 21-24th where Jack LaLanne will be the Keynote Speaker and will lead two early morning exercise classes on June 23rd and 24th. For information on the Convention and Trade Show call: 800.927-5007.



Jack LaLanne - 1954

1954 Age 40: Swam the length of the San Francisco Golden Gate Bridge underwater with 140 pounds of equipment, including two air tanks.... An undisputed record.

1955 Age 41: Swam, handcuffed, from Alcatraz to Fisherman's Wharf in San Francisco, CA.

1956 Age 42: Set a record of 1033 pushups in 23 minutes on "You Asked For It" TV show with Art Baker.

1957 Age 43: Swam the treacherous Golden Gate Channel, towing a 2500-pound cabin cruiser. This involved fighting the cold, swift ocean currents that made the 1 mile swim a 6 1/2-mile test of strength and endurance.

1958 Age 44: Maneuvered a paddleboard 30 miles, 9 1/2 hours non-stop from the Farallon islands to the San Francisco shore.

1959 Age 45: Completed 1,000 pushups and 1,000 chin-ups in 1 hour and 22 minutes.

1973 Age 60: Swam from Alcatraz Island to Fisherman's Wharf, handcuffed, shackled and towing a 1,000 pound boat.

1974 Age 61: Swam the length of the Golden Gate Bridge, underwater, handcuffed, shackled and towing a 1,000 pound boat.

1975 Age 62: Commemorating the "Spirit of '76", swam 1 mile in Long Beach Harbor, handcuffed, shackled and towing 13 boats (representing the 13 original colonies) containing 76 people.

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1979 Age 65: Towed 65 boats filled with 6500 pounds of Louisiana Pacific wood pulp while handcuffed and shackled in Lake Ashinoko, near Tokyo, Japan.

1980 Age 66: Towed 10 boats in North Miami, Florida filled with 77 people for over a mile in less than one hour.

1984 Age 70: Handcuffed, shackled and fighting strong storm winds and currents, towed 70 boats with 70 people from the Queen's Way Bridge in the Long Beach Harbor to the Queen Mary, 1 1/2 miles.

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BODYPUMP Testimonials

Actual Quotes Taken From BODYPUMP Participants

"I have never found a class that delivers results like BODYPUMP. I am so addicted that I can't even miss one class. I am 18 years old and I can feel myself getting stronger each class. I just want to thank whoever invented it. This is truly the best class. Thanks." Email - May, 2000

"I have been doing BODYPUMP for about 12 weeks now and I absolutely love the program. The results have been incredible!" Email - May, 2000

"My daughter and I have been attending BODYPUMP classes in San Clemente (Fitness Elite) with Linda (instructor) for over a year and we are absolutely hooked. We've only missed two classes all year!! My daughter is 22 and is looking "perfect"! I am 55 and have never seen such a change in my body." Email - May, 2000

"Absolutely, without a doubt, BODYPUMP is the single most effective and enjoyable exercise I have ever taken part in. BODYPUMP is new at my all woman's gym and I have already seen serious results. I have rearranged my entire work/home schedule to accommodate the classes!!!! The instructors are motivating and careful to keep us in proper form. The class is becoming a team and we keep each other going. We are all hooked!!! Your program has opened doors in my life I never knew were there!!" Email - May, 2000

"My name is Kerri and I

take the BODYPUMP class in Mashpee, MA on Cape Cod. I have never found a class that gives results like this one. I am so addicted I can't even miss a class. I am 18 years old and I am the youngest girl in there. I have always had a good body shape and very athletic, but this class has given me more than any other class. I can feel myself getting stronger each class. I am majoring in sports management and I want to become a personal trainer when I get out. I would love to teach one of these classes. I just want to thank whoever invented it. This is the best class." Email - April, 2000

"I have been taking BODYPUMP for the past year at Global Fitness in Leominster, MA and I can truly say that this class has changed my life. In November 1998 I weighed in at 225 lbs. I decided it was finally time to do something about it and I started by walking on the treadmill. One day last May another member talked me into taking a BODYPUMP class. I was instantly addicted. From that day on I have taken at least 3 classes a week, sometimes more, depending on my schedule. The instructors at Global Fitness are by far the best. They are always upbeat and keep the class motivated (I have never seen one of the instructors give less than 100%). I am now down to 160 pounds and for the first time in my life am happy with my body. The most important fact about BODYPUMP is that it makes exercising fun and motivating and that is 99% of keep-

ing up a life-changing fitness routine. Thank you from a former couch potato, now BODYPUMP fanatic." Email - April, 2000

"I have never been able to stick with any workout routine but I am fascinated with BODYPUMP. I actually look forward to going to the gym and seeing the results." Email - April, 2000

"I just recently started the BODYPUMP at my gym. I have always been one never to stick with anything and I do mean anything, but I am fascinated with the attitude BODYPUMP has left me. I actually look forward to going to the gym. I can't wait to see my end results." Email - April, 2000

"I take BODYPUMP when I am home for breaks from school and I love it. I have never taken a class so motivating, full of energy, and that has given results so quickly. I love BODYPUMP and can't wait to take it again in about 4 weeks....." Email - April, 2000

"BODYPUMP is the BEST! I had gained a significant amount of weight after a surgery and quitting smoking. I worked out (cardio plus strength training for 1-2 hours) six days a week and saw very little change for over a year. Once I started BODYPUMP at gym in October, the difference was soon very noticeable. It is a great supplement to my weight training and really does lift my spirits! Thanks for bringing it to the States!" Email -

April, 2000

"I have been going to BODYPUMP for about 7 months now and the results have been awesome. The music is so great and upbeat that I usually come home singing them (especially the salsa one!) The instructors know exactly what they are doing and do it with a great motivating attitude. This is exactly what I have been looking for. Thanks!" Email - April, 2000

"I have been a group fitness instructor for over 16 years and am THOROUGHLY sold on BODYPUMP!! I was going through a bit of a "burn out" with my teaching career and I feel like BODYPUMP has "pumped" new life into my teaching!! I am proud and happy to be affiliated with BODYPUMP!!" Email, April 2000

"I started attending BODYPUMP class last week and I love it!! I wish someone had thought of this sooner. Now I look forward to going to the gym." Email - April, 2000

"I LOVE BODYPUMP!!!!!! Thank you so much for this class. It has changed my whole experience at the gym. Instead of dreading exercise, it is now my favorite part of the day!! Thank you, thank you thank you! Thanks again for BODYPUMP and changing my life!!!!!!" Email - March, 2000

"...I have been doing BODYPUMP for about 2 years now. I try to do it 2 to 3 times a

week and I love it! It has changed my body and my life. With a good diet and my regular exercise schedule, I have lost 40 pounds an lots of inches. I have toned my whole body, even the areas I never thought would be. I had rather large legs and just thought I would always them. But with BODYPUMP, they look wonderful. For the first time in my life, I'm loving my body. I couldn't live without BODYPUMP in my life. Again, I have to say how much I really love BODYPUMP!" Email - March, 2000

"Half the time I can't remember the dates that my children were born on but I can tell you the date of the first BODYPUMP class I attended and it happens to be the first one they did at my club; Nov. 17th 1997. Since then, my overall body tone has changed drastically. I have muscles now that I never knew I was capable of having. I even have real biceps and my back has muscle tone. I never miss a class (on my schedule) and look forward to the next time as I leave. For the record, I have 4 children and I'm hitting the big 40 this May. Because of BODYPUMP no one believes I've had 4 kids. It's the best!!!!!! Thanks for all the hard work you put into this awesome workout." Email - March, 2000

"I have been doing BODYPUMP for about 6 weeks and it is fabulous!!! Thank you!!" Email - March, 2000

CLUB INSIDER News

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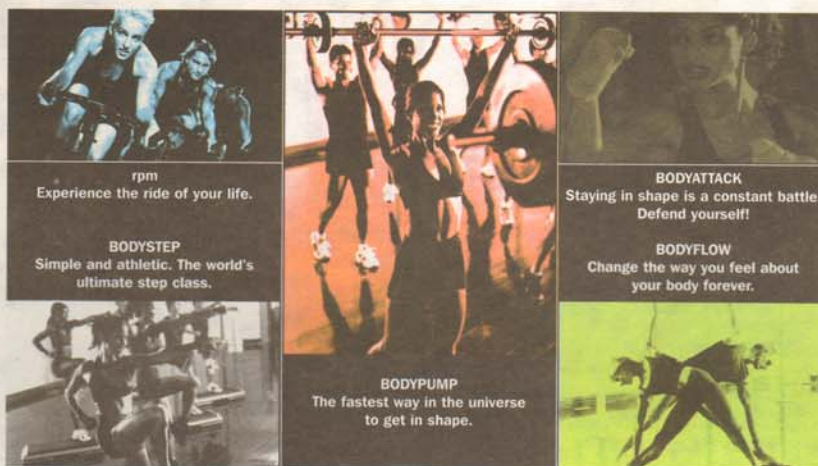
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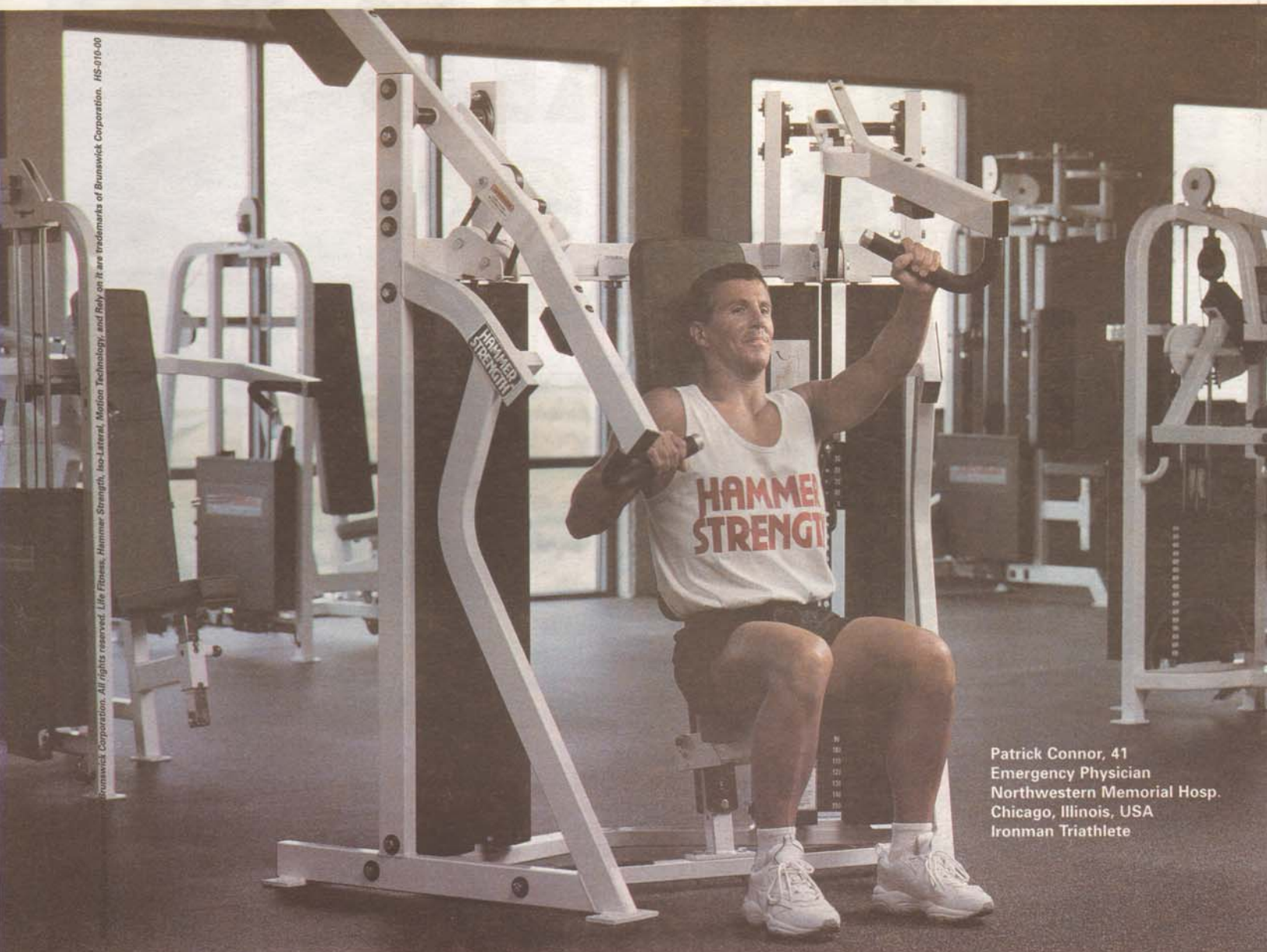
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