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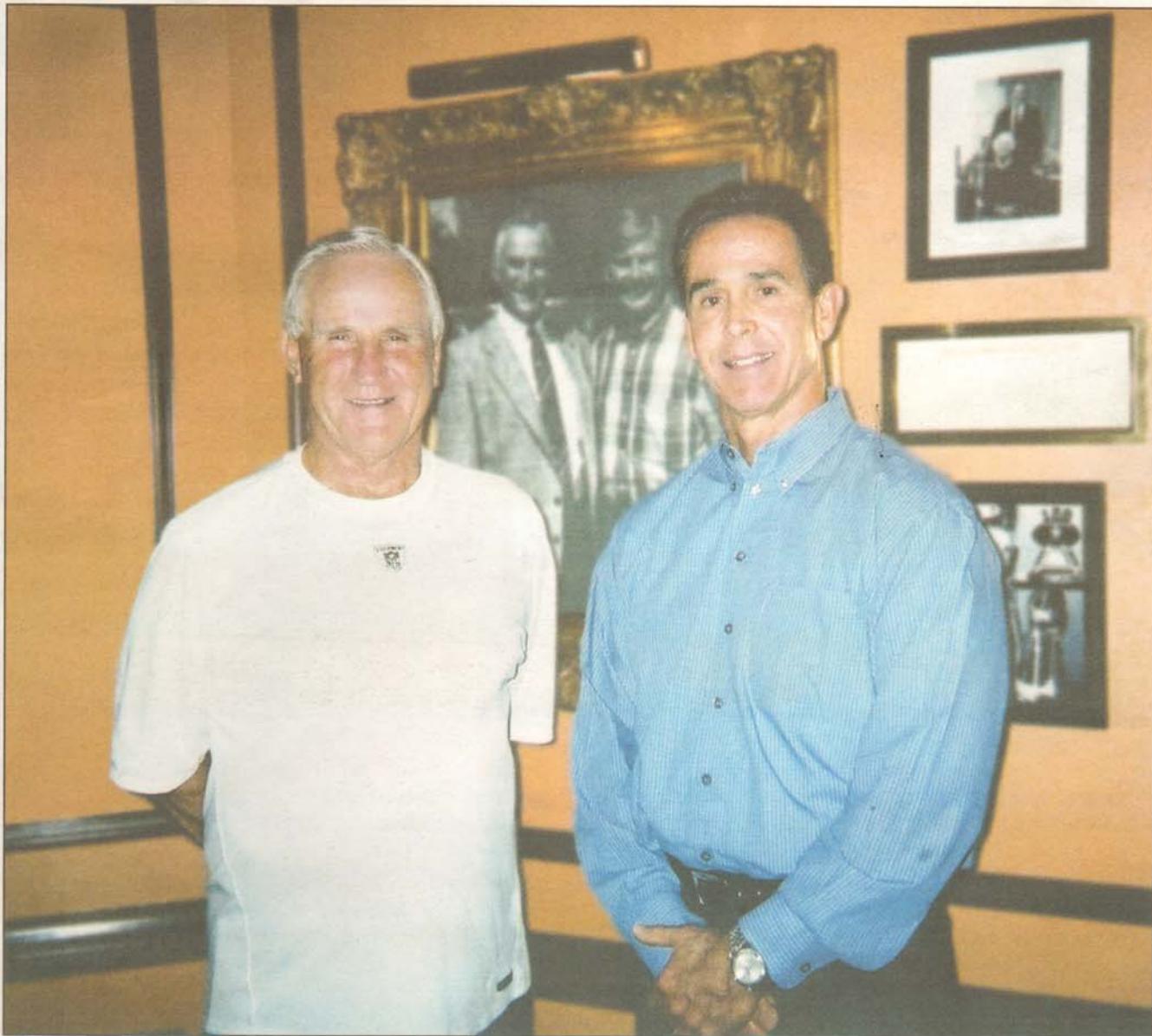
Norm Cates'

THE Club Insider

NEWS

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

MAY 2004
VOLUME 11 NUMBER 5



L to R - Coach Don Shula and Bill Higgs

Don Shula The Legend Lives



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Norm Cates'

THE Club Insider

NEWS

Don Shula...

The Legend Lives On

By: Norm Cates, Jr.

The name, Don Shula, is golden. And, the Don Shula legend lives on in South Florida.

Don Shula made history when he coached the 1972 Miami Dolphin Football Team to a Super Bowl victory and an amazing 17-0 record, making them the only undefeated team in the history of the National Football League. He also made NFL history as he was honored in 1997, when he was inducted into the NFL Hall of Fame in Canton, Ohio.

Shula's Athletic Club is located in Miami Lakes, Florida, a city created by the prominent Florida Graham family. In 1926, the late State Senator Ernest "Cap" Graham, then a mining engineer, became the owner of 8,000 acres of muck and sand in South Florida. First used for raising dairy and beef cattle, then for rock mining, Cap's sons became interested in using the land for development and home building. Following a European concept for self-contained towns, brothers Bill, Phil and U.S. Senator and former Florida Governor, Bob Graham, pursued the idea of planning and creating an entire community. Today, Miami Lakes stands as a tribute to one family's vision of a lifestyle. Miami Lakes is home to more than 23,000 residents and yet still features a small-town

charm that's made the community a success.

Shula's Athletic Club (SAC) sits directly across the street from Don Shula's Hotel. Built in 1982, and known then as the Miami Lakes Athletic Club, the 9 racquetball court facility opened then has seen a number of modifications and changes over the years, giving it a true multi-sport mix.

Shula's Athletic Club... "A Celebration of Sports!"

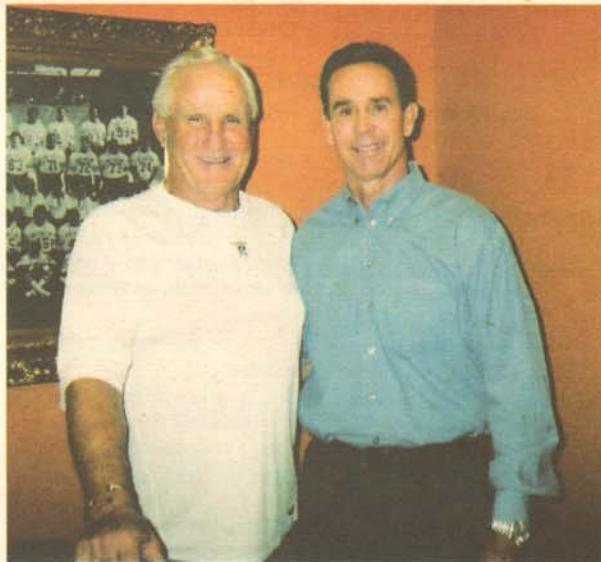
Imagine walking into a health club that upon arrival you feel as if you've entered a posh country club. Elegant oak wall finishes throughout the 40,000 square-foot Shula's Athletic Club are adorned with beautifully framed photos from Don Shula's amazing career as an NFL player for 7 years and an NFL Coach for 43 years. On the left, as you enter the club, is a huge gymnasium with bright green walls and high ceilings for Badminton play. On this day, the gym is filled with senior gentlemen engaged in the U.S. Badminton Championships. Just past the reception area on the left is the cardio room situated next to four racquetball courts. The cardio room offers members 46 cardio machines. The cardio room has 12 large wall mounted TV screens on the far left wall providing cardio

exercisers with multiple entertainment options. Included on the second floor of the club are several rooms including one with 45 selectorized machines and a free weight room with 15 free weight stations. The locker rooms are luxuriously appointed and offer complimentary towel service for all members. A nice child care center handles the kids while their Moms and Dads exercise. And, there is a HealthSouth Physical Therapy Center located within the club.

Included in the club's decor are several dozen framed photos of Coach Shula and people throughout his career including, Don Shula and Johnny Unitas, Coach Shula and NFL Commissioner (at the time) Pete Rozelle and Coach Shula and Oakland Raiders owner, Al Davis. As a football fan, visiting Shula's Athletic Club is like taking a stroll down football memory lane.

While walking through the club on the night before my interview, I noticed a dance class called 'Salsa Amor' in progress with a group of 14 men and women learning the Latin dance. A promotional flyer for another class, "Rumba Dance", was spotted on the entrance to the dance studio.

Bill Higgs, General Manager, has developed a stellar support team to serve the 3200 Shula's Athletic Club members. Wendy Hammond, SAC Fitness Director and one of Bill Higg's key staff members, is standing by to give Coach Shula one of his regular 45-minute Pilates workouts immediately after our interview. (See photo pg. #6) Other members of the staff are busy with their various duties.



(L to R) - Coach Don Shula and Bill Higgs

An Interview With Legendary Coach Don Shula

Q. "Coach Shula, where did you play college football?"

A. John Carroll University, a small Jesuit school, right outside Cleveland, Ohio. My claim to fame, and probably one of the reasons I am sitting here, is that my school, John Carroll University, scheduled a game with Syracuse University my senior year. We played them in Cleveland Stadium. When the schedule was announced, the newspaper headlines read, "Syracuse schedules John Carroll...Who Is John Carroll?" That headline was pasted up in our lockerroom and provided great motivation for our team. Syracuse came into Cleveland Stadium to play us and Paul Brown and his Cleveland Brown Coaching staff were up there

scouting Syracuse to see who the pro player prospects might be. My teammate, Carl Tassim and I, both had a big game and we upset Syracuse. That might have been the upset of the century! Out of that game, Paul Brown drafted Carl and me for his Cleveland Browns. So, two guys right in the Cleveland Brown's backyard, ended up getting drafted into the NFL, and we probably would have never had the chance without the exposure we received from the Syracuse game. I played 7 years and Carl played 11 years in the NFL. I was very fortunate because I had not been highly recruited at the college level because the colleges were picking up guys coming back from the war and giving them the available scholarships. I got a tuition-only scholarship to John Carroll my first year. The second (See Don Shula Page 6)

Inside The Insider

- **Does The Emperor Have No Clothes?**
- **Retention Takes Action**
- **Your Club's Value to Your Members - High or Low?**
- **Increase Your Networking Skills**

The “Insider Speaks”

“DOES THE EMPEROR HAVE NO CLOTHES?”

By: Michael Scott Scudder

(AUTHOR'S NOTE: I sought the approval of Norm Cates, Publisher and Editor of "The Club Insider News" to publish this special column. I also seek your permission, as the reader. I believe much of the scope of the March and April editions, and this month's "Club Insider" is some of the most important current-industry-status coverage that Norm Cates has done since he launched the newspaper over 10 years ago. I also believe that it is time that some of us, who are in a position to be heard, also speak out.)

It has often been said of successful politicians, noted leaders, religious zealots and powerful organizations that “once they begin to believe their own rhetoric, we are all in trouble.” It seems, in this time in our history as a nation, that if one “says it enough times, it becomes the truth.” I make the assertion, in this critical period of development within our health club/fitness facility industry, that certain organizations have “spun” the statistics and speciously distributed the “facts” to perhaps serve their own desires more than the needs of the industry as a whole.

Our industry's only

I think it is also important at critical times to do, what in the old days was referred to as “calling the question.” As far as I can tell, the term originated in the old “town meeting” concept of government that enabled a regular citizen to ask for public opinion on a certain issue or issues.

Please allow me to take a slight sidetrack for a few moments. While I have operated or consulted to nearly every kind, size and type of fitness facility you can imagine, my passion, as you know, has been for the “small club” segment of our business. “Small” as defined by:

- under 20,000 square feet in total floor space
- generally under 2,000 memberships
- generally under \$1.5 million in gross revenues
- operated by a limited owner/manager team as opposed to larger, multi-level managed clubs,
- and an independent operator

It is with this market in mind (although the reader who is a large club operator may also easily identify with the content) that I offer the following information, and accordingly “call some questions.”

Our industry's only

tracking authority, American Sports Data, states that there are currently 23,500 commercial fitness facilities in the United States. Of this number, by my estimation from surveying various sources, over 75% of these facilities are “small clubs.”

- Why is there no real “national voice” for these small operators?

Also, according to American Sports Data, there are presently over 39 million “health club members” in the United States. The inference is that these members are members of for-profit facilities. (But, actually the 23,500 commercial health club number includes YMCA's and JCC's).

- Why is there no breakdown in industry statistics of for-profit membership numbers and not-for-profit membership numbers?

• Why is there no mention in most industry publications that nearly half of these members (over 19 million by my current estimation) are members of some approximately 5,000 not-for-profit facilities?

- Why do nearly all of the industry club membership organizations (both national and regional) on the one hand decry the status of not-for-profit organizations, but on the other hand, willingly include their membership numbers in national statistics?

It has long been felt across our industry that some of the low-price, multi-year-contract players, have on occasion, practiced suspect ethics if not downright illegal methods of obtaining memberships. There has been *actual proven evidence* of unethical practices by many of these organizations, in several areas of the country.

- Why has no national or regional organization ever stated a position against these types of club operators, nor disbarred them from membership for proven illegal and unethical practices?

Over the past half-decade, there has been exponential growth in the number of health clubs and fitness facilities. Industry leaders have

touted this growth as evidence that an exercise boom is occurring in the United States.

- Why is it that no publication has seen fit to tell the whole story: that club facility growth is outpacing net membership growth? That, like many other service-based businesses, supply is exceeding demand?

- Why is it that no publication has openly stated the obvious: that some 50 million plus members have left health clubs in the last decade?

Presently, membership in health clubs is now dominated, numbers-wise, by female members.

- Why is it that the boards of directors or advisory boards of most of these publications or organizations are so heavily biased towards male representatives rather than female?

Finally, industry organizations continue to speak about the growth of membership in their organizations and how well they are doing for member clubs.

- Why do they not tell us that most club-organization growth in the last 5 years has been international, not domestic?

- Why do they not mention that a few regional club-membership organizations have folded within the past decade, and that several more are presently teetering on the brink of disaster?

And on and on and on. Perplexingly and frustratingly, dear readers, this may be just the tip of a very *hypocritical iceberg*.

Personally, I've kept my mouth relatively shut regarding several of the above issues...frankly, in hopes that as this industry matured, our leadership would face some of these challenges. But it's now time for me to say the following and get it off my chest:

- I've had it with ‘good-ole-boys’ networks spinning the statistics for their own advantage, painting a picture that's far prettier than reality.

• I'm up to my ears with magazine story after magazine



Michael Scott Scudder

story that paints a Pollyanna picture of this industry and does not print stories about the other sides of questions.

- I've had it with suppliers sucking up to huge chain buyers and offering substantial discounting for volume purchases when the little guys out here pay full pricing.

• I'm sick of hearing that *certain* industry organizations *protect* the whole industry when, in practice, they *go where the money is* and *pay lip-service* to the small independents that make up the majority of fitness facilities in this country.

- I'm tired of “fluff” hiding the facts...instead, it's time for facts no matter how hard they are to hear, accompanied by solutions to clean up some of our industry messes.

How about you? Have you had enough?

If you have, I'd like to hear from you. It's time a lot of us spoke up.

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

THE Club Insider NEWS

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•Norm's Notes•

•CLUB INSIDER News

Consumer Edition Update: I am pleased to announce that we now have 105,350 members pre-enrolled to receive the **CLUB INSIDER** News Consumer Edition through clubs across the U.S. We thank all of those that have responded and Pre-enrolled their members so far. See Page 25.

•Please note our page #4 article by **MICHAEL SCOTT SCUDDER** and our page #20 article by **FRANK ANCHARSKI**. These two articles give "food for thought" about IHRSA issues. Since publication of our page #4 "Insider Speaks" column last month entitled: "To Enforce" or "Not To Enforce" IHRSA's Standards and Code of Conduct, I have heard nothing from any of the **IHRSA leaders**. My best guess is that nothing will happen, if anything, until the Summer IHRSA Board Meeting. **STAY TUNED.**

•On the "Insider Speaks" page next month I will have commentary on some, if not all of the following topics: 1) **IHRSA's decisions, if any**, related to how they will deal with

the **IHRSA Code of Conduct and Pledge non-enforcement issue**, 2) the **Security Exchange Commission's investigation of accounting practices used by Bally Total Fitness** and the departure of **BTB - CFO, JOHN DWYER**, 3) the **winning bidder for Gold's Gyms International, Inc.** and the implications to the industry of that new owner of **GGI, Inc.** 4) a huge manufacturer of equipment being involved in the financing of leasehold improvements as part of their equipment lease packages for some of their 'select' customers. That alone would be enough to upset any manufacturer's good customers that were not 'select'. But, beyond that, this company has allegedly been holding back equipment order deliveries for their good customers while expediting their 'select' customer's deliveries, giving the 'select' customers a distinct advantage over their competition when they roll in with aggressive pre-sales and invade new markets, and 5) a report about a company in the dues collections and financial management business virtually destroying the

business of a 12+ year club owner and how that owner is right now, fighting for his club's life.

• Speaking of nasty situations, here is an update on the one and only **BRIAN HOMAN**, a guy who collected membership dues for clubs through his former company, **Tools Management, Inc.** Homan's Tools Management, Inc. went out of business several years ago and kept over \$200,000 in membership dues collected for 8 clubs! For the last six months, Homan has been engaged in reentering our industry; I and virtually all club operators in southeast Florida object to that. The latest word I've heard out of south Florida is that Homan is now passing out business cards stating his title as **General Manager of the About Family Fitness Club**. This GM title for Homan is in contrast to comments made by his Attorney in a letter to me in January about Homan serving only as a 'consultant' for the new club investors. So, **STAY TUNED** while I do more research on all of the above. And, if any of you have facts about any of the topics above and would like to help me with my research, please do so with a call to me at: **770.850.8506** or by email: **clubinsidernews@mindspring.com**

•**RICHARD EKSTROM**, the Founder and President of Charlotte, N.C.-based **Retention Management, Inc.** has announced an agreement for Retention Management to provide "state-of-the-art" retention services for **ANDREWEKER** and **TOM BEHAN'S Alaska Club Network** in Anchorage (9 clubs). Ekstrom has created a very smart and unique approach to retention management for clubs. Check out Richard's article in this issue entitled: "Retention Takes Action" on page #16.

• Congratulations to **SHANNON SPEARS** as she just celebrated her 10th Year as Fitness Director for **GORDON and SKIP JOHNSON'S** Atlanta area **Gold's Gyms**! Shannon is just one of the terrific team members that has made Gordon Johnson's Gold's Gyms so successful.

• My friend, **GEOFF DYER**, introduced me to **ROGER WITTENBERNS** in Las Vegas. Roger is CEO of **Lady of America Franchise Corporation** which has over 1,000 locations. He

recently announced the launch of a new chain called **Workout Express For Men and Women**.

• **JERRY NOYCE**'s **Health Fitness Corporation** has announced 2004 1st Quarter Revenue **increase of 68%** or over a \$5 million increase! HFC credited the acquisition of **Johnson and Johnson Health Care Systems, Inc.** in December, 2003 for the increase in revenue, gross profits and net earnings.

• **NICK KALANDROS**, a veteran club developer/operator dating back to the "Spa Wars" era and in business right up until his death from a heart attack at age 69 late last month. May Nick "Rest In Peace."

•Hoggan Health Industries, Inc.

has announced relocation of its corporate headquarters to 8020 South 1300 West/West Jordan, UT. 84088. Good luck in the new digs **LYNN** and **RYAN HOGGAN**.

• **COLIN MILNER**, the Founder and CEO of the **International Council on Active Aging (ICAA)**, has announced that ICAA and **The American Association of Homes and Services for the Aging**, will collaborate on a wellness initiative for the 2004 AAHSA Annual Meeting & Exposition. The event is scheduled for Nashville, TN. October 25-28. For information contact Colin Milner at email: **cmilner@attglobal.net**

• **KELLI SARNECKI**, is the author of a book series entitled **Learning to Live**. As a professional model and Miss Hawaiian Tropic Contestant Winner, Kelli received expert training from many well-known diet and fitness experts, including the completion of several Nautilus Seminars where she learned some of the best secrets to living fit. Her latest book entitled: **Learning to Live Fit**, published by Synergebooks, is presently sold on Amazon.com and in bookstores across the country. Check out Kelli's enterprises at: www.Learning2live.net

• **'Road Tripin' In Florida** is a brief article I put together summarizing my recent trip to Florida. Check out the articles and photos on page #23.

GOD BLESS OUR TROOPS, **GOD BLESS OUR LOST SOLDIERS AND WOUNDED**, and **GOD BLESS AMERICA**. **STAY TUNED**



Norm Cates, Jr.

Thanks

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***Rick Caro** - President, Management Vision, Inc. - (212) 987-4300

***Colin Milner** - V.P. Sales/Marketing - Founder & CEO International Council on Active Aging - (866) 335-9777

***Rudy Fabiano** - President and Design Director - Fabiano International - (973) 746-5100

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...Don Shula

continued from page 3

year I got room, board, books and tuition and that would have been my only chance at a scholarship, so the Syracuse game was a big break for me.

Q. Coach Shula, I am sure most of my readers are aware of your amazing 1972 Miami Dolphin Team and their 17-0 record, the only undefeated season by any NFL team in history. My question is, what was it like to be the only Coach in the history of the NFL to go 17-0?

A. Anytime you're associated with the words "only" or "never before", those are pretty good words or terms. We're just so proud of the fact that we're the only club that accomplished that. Nobody had done it before us in the 50 years before we did it and

nobody has done it in the 32 years since then. That's a pretty important accomplishment. Through the years, we've bonded together. We really enjoy each other's company. We come to reunions and we take a lot of pride in wearing the ring.

Q. Coach, what is the closest any other team has come to tying or beating your historical 17-0 record?

A. In recent years, Mike Ditka's 1985 Chicago Bears lost only one game and we were the team that beat them! That was one of the most exciting games of my coaching career. I've always said that was the best first half of football I've been around. The Bears were very, very good. We had 35 points at half-time. Dan Marino was unbelievable and our team just played so well. Our fans were there and our former players

were on the sideline pacing up and down. It was a memorable evening. Since then, I think Denver lost just two games one year and St. Louis lost two games one year. Somebody might come along and do it. New England is awfully strong right now and it seems like they are getting better through the draft. Belichick is a great Coach and Brady is a fine young quarterback who has won two out of the last three Super Bowls. They're a team that has a chance to challenge our perfect season.

Q. Coach Shula, how did you become involved here with Shula's Athletic Club, Hotel and Conference Center?

A. When I got here in 1970, we moved to Miami Lakes. We lived right on the Golf Course. I joined the Athletic Club in 1982 when it opened. We became friends with the Graham family that owned all the land and developed the Miami Lakes area. About 12 years ago, David Younts, who is married to Sandy Graham, invited me to become involved in the Steak House restaurant business. It was an existing restaurant and they wanted to make it into a steak house and put my name on it. I was still coaching at the time and I did not have a goal of being in the restaurant business. After about a year of coaxing, I decided to give it a try. It worked out great. The restaurant immediately started to do well. We take a lot of pride in our product. Being involved with the Graham family and knowing their reputation was terrific. They gave me the opportunity to go into business with them. So, I decided to pursue it and got involved with the hotel and golf resort. And, I also got involved with the Athletic Club when it opened in 1982.

Q. Coach, your son David, formerly with the Cincinnati Bengals, is now involved with the restaurant chain. Tell us about that.

A. David is President of our Restaurant and Steak House company. He's done a marvelous job. My partner, David Younts, is the idea guy, the guy who thinks about new and better ways to do things and my son, David, is the one that goes out and makes sure that they are done. It turned out to be a great team. My wife Mary Anne and I are involved in promotional activities. We go to all the openings. We go to each restaurant for a promotional visit

**Bill Higgs**

at least once per year. Then Dave is there on a day-to-day basis attending to the nuts and bolts of how things are done and making sure things are done the way we want them done. Our philosophy, our vision, is a vision of doing things the right way. A vision of perfection. We had a perfect season in football and we have the vision of making sure our customers have the perfect dining experience when they come to our steak houses. And, when they come to our athletic club, we want them to have a perfect experience.

Club Insider - Coach Shula, I've seen a lot of clubs in my career and Shula's Athletic Club is one of the most unique, warm, relaxing environments I've ever visited. I noticed that Bill's business card describes the club as a "Celebration of Sports" and that is very descriptive. I hope that if any of our readers travel to the Miami area, they will take the time to come by for a visit.

Coach Shula - That's why I take a lot of pride in being associated and involved in the club. Everything is at a high level. When you believe in perfection, then you want to be involved with it at every level. I think that is why the relationship has worked so well.

Q. Coach Shula, the fellow sitting next to me, Bill Higgs, is one fine guy and I've known him since he and I met in the early days of IHRSA. In addition to Bill, whom we will hear from later, tell me about the rest of your team?

A. David Younts is my partner. And, my wife Mary Anne is involved. We have head coaches

in all of our different areas. Bill Higgs is the guy that makes the Athletic Club work. He is the boss over here and he's got a lot of good assistant coaches working for him. To his credit, he is the one that hired them, developed them and manages the day-to-day operation and makes it happen.

Q. In respect to the club, hotel, and golf club, do you have any specific charities that you devote time and energy to?

A. I lost my late wife, Dorothy, to breast cancer about 12 years ago. She had fought the battle for about 5 years and it was not a pleasant thing to witness. When that happened, I decided to try to do whatever I could do to help. Breast cancer is a vicious, dangerous disease and affects about one out of every seven women. About 10 years ago I founded the Don Shula Foundation for Breast Cancer Research. All of our money goes to young researchers that are out there looking for funding to try to find a cure. I am also involved in several other charities in the community that I strongly support. I know that the Graham family is also supportive in a number of charities.

Club Insider - Coach Shula, your name is like gold around here! On my way here I was going by one of the toll booths and a big sign on top of the toll booth building said, "Don Shula Expressway!" I grabbed my camera and got a photo of that sign and the people behind me thought I was nuts! Coach Shula putting your name behind the cause of breast cancer
(See Don Shula Page 10)

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The 2003 Sales Team of the Year

(L to R) Mary Beth Provost, Sarah Swartz, Ray Gordon, Shawn Codd, Libby Stewart, Ellen Hoffman, Bonnie Noble-Silberman.

SALES MAKERS Announce “2003 Sales Team of the Year” Award

For an unprecedented second year in a row, Ray Gordon, and Eddie Tock, Sales Makers partners, have awarded the 2003 Sales Team of the Year award to the membership teams of Sportsclub Greenville (formerly the Greenville Racquet & Fitness Club) and Sportsclub Simpsonville, South Carolina. Shawn Codd, Area Membership Director, is the leader of the two sales teams.

Shawn credits her team's success to the Sales Makers system and the support of the entire Sportsclub staff. "We work as a team within the Sportsclub organization," Shawn states. "The membership teams did a phenomenal job bringing large numbers of new members into the Sportsclub family; however, it could not have been done without the unwavering support of the Sportsclub management and staff."

"This is the first time in our 25 year history that Sales Makers has given the award to the same team twice. Over the past two years, Shawn and her team have achieved dramatic increases in net growth membership sales, posting a 193% increase over budget in 2002 and an additional 21% in 2003 in the Greenville club," states Gordon, Sales

Makers Founder. "We have had the privilege of working with Bob Provost, Sportsclub's President as well as Mary Beth Provost, Vice-President of Operations, for several years now. The Provost family opened its Sportsclub Simpsonville facility in March, 2003. The Provosts had experienced success for 28 years with their original Greenville club and have used that experience to open the new Sportsclub Simpsonville with equal success. So far, the numbers look great and Sportsclub Simpsonville is well on its way to providing a refreshing and innovative health and fitness choice to the rapidly growing Simpsonville community", said Gordon.

Shawn and the rest of the Sportsclub team are working hard in 2004 to win the award for the third year in a row. "So far, so good," she says. "Both clubs are way ahead of projections for the year and we are busy doing whatever it takes to win the Sales Makers award again this year!"

For more information, Shawn is available at Sportsclub Greenville, (864) 288-7220, or Sportsclub Simpsonville, (864) 228-8282. Shawn's email address is scodd@sportsclubsc.com.

IHRSA Wall of Fame Winner

Greenville Racquet and Fitness	109% Increase
Aspen Hill Club (MD)	20% Increase
The Gym (England)	Pre-Sale Sold Out
Atlantic Club (NJ)	31% Increase
Lynne Brick's Womens Only (MD)	Pre-Sale
Bel Air Athletic Club (MD)	20% Increase
PACE Fitness (Australia)	Pre-Sale Sold 2065
Club at Woodbridge (NJ)	32% Increase
Solaris Sports Club (NY)	Pre-Sale
Padonia Fitness Center (MD)	23% Increase
Club Fit (NY)	69% Increase
Spartanburg Athletic Club (SC)	24% Increase
World Gym (NY)	42% Increase
Pinnacle Health Clubs (England)	Pre-Sale
Sportivo Fitness (St. Lucia)	Pre-Sale
Court House Athletic Club (CA)	37% Increase
Ronny Barnes Fitness & Nautilus	29% Increase
Gold Coast Fitness (NJ)	Pre-Sale
Genesis Health & Fitness (KS)	27% Increase
Westside Club (SC)	62% Increase
Maryland Athletic Club (MD)	Expansion
Court Sports I & II (NY)	30% Increase
Shulas Athletic Club (FL)	Expansion
Evanston Athletic Club (IL)	24% Increase
Spa at Fountainbeau (FL)	31% Increase
Gold's Gym (IN)	104% Increase
Sportset (NY)	31% Increase
Welshback Squash & Health Club	40% Increase
Lifestyle Health & Fitness (NC)	58% Increase
Westbay Athletic Club (FL)	Pre-Sale
Millennium Health & Fitness (NC)	32% Increase
Hudson Athletic Club (NJ)	31% Increase
What a Racquet Athletic Club (CA)	27% Increase
Westchester Health & Fitness (NY)	41% Increase
Westlake Sport House (CA)	30% Increase
Apple Athletic Club (ID)	44% Increase
The Ridge (MT)	34% Increase
Gold's Gym (VA)	34% Increase
Sports Club (Sweden)	44% Increase
Gold's Gym (CA)	23% Increase
Gold's Gym (GA)	17% Increase
Gold's Gym (NY)	38% Increase
Viva! (England)	Pre-Sale Sold Out
Evolution, Salt Lake City, UT	93% Increase
Sportsclub Simpsonville (SC)	PRESALE
Lakeview Golf Resort & Spa (WV)	34% Increase
Pikecreek Fitness (DE)	37% Increase
Cherry Hill Health & Racquet Club (NJ)	EXPANSION SALE
Better Bodies (KY)	20% Increase
Silverlake Family Center (KY)	42% Increase
The Clubs at Rivercity (IL)	16% Increase
Huntsville Athletic Club (AL)	18% Increase
Towne Athletic Club (OH)	23% Increase
Wimbledon Sportsplex (TN)	16% Increase
Mercy Healthplex (OH)	56% Increase
Cornerstone Health & Fitness (PA)	28% Increase
Aerofit Health & Fitness (TX)	64% Increase
Premier Athletic Club (NY)	32% Increase
Sportsplex Bethel (CT)	↑↑↑↑↑↑
Sportsplex Stamford (CT)	↑↑↑↑↑↑
Sportsplex New Windsor (NY)	↑↑↑↑↑↑
Mt. Kisco Athletic Club (NY)	↑↑↑↑↑↑
Saw Mill Club (NY)	↑↑↑↑↑↑
Sportclub Greenville (SC)	↑↑↑↑↑↑
Golds Gym Belleville & Whippoor (NJ)	↑↑↑↑↑↑
Spring Valley Tennis and Fitness (PA)	↑↑↑↑↑↑
Memorial Herrmann Hospital & Wellness Center (TX)	↑↑↑↑↑↑
Equinox New York (NY)	↑↑↑↑↑↑

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BENTLEY VILLAGE WELLNESS AND FITNESS CENTER: HEALTH FOR MIND, BODY, AND SPIRIT

After undergoing a triple bypass operation nearly 30 years ago, Dr. Buel Morley never expected to achieve peak physical condition again. But, as a resident of Bentley Village, A Classic Residence by Hyatt, and a dedicated member of the Wellness and Fitness Center, Dr. Morley has dramatically improved his heart condition as well as his overall health by exercising six to seven days a week. Nestled at the heart of Bentley Village's scenic campus, a 156-acre expanse of lush landscaping, 18-hole golf course, and sparkling lakes, the award-winning Wellness and Fitness Center sets the standard for senior living fitness facilities.

The center spans more than 2,000 square feet and offers top-notch equipment ranging from Concept rowers and Schwinn Airdyne bicycles to treadmills with pulse rate meters. A full menu of fitness classes and programs is featured, including tai chi, aqua aerobics, balance,

flexibility, and stretching; one-on-one rehabilitation and training sessions are offered. As an added benefit, its convenient location affords easy access to Bentley's golf course, croquet and tennis courts, scenic walking trails, and heated swimming pools.

Dale Dibble is another of the Bentley Village Wellness and Fitness Center's success stories. "In November 2000, I was diagnosed with severe congestive heart failure. The prognosis wasn't good, the doctors gave me about two to four months," he said. "So, I decided I was going to fight it." Mr. Dibble began exercising every day, using the weight machines to increase strength and the cardio machines to improve his stamina. The result? "It's been nearly four years, and my condition has improved dramatically," Mr. Dibble declared. In fact, due to Mr. Dibble's exercise regime, he has defied his doctor's expectations,

enabling his capillaries to rebuild and regenerate themselves.

Not surprisingly, the Bentley Village Wellness and Fitness Center is a cherished part of daily life for the community's residents, the more than 900 older adults who live in private apartment homes. Here, residents use a plethora of equipment and machines, including cutting-edge Keiser Air pneumatic fitness machines and strength-building equipment designed specifically for older adults.

Physical wellness is only one component of the "Bentley Way of Life," however. Wellness Coordinator David Lahait explains, "The Bentley Village Wellness and Fitness Center is not a fitness room; it is a wellness room with mental, social, and spiritual functions in addition to its physical role." To this end, the center includes a high-tech computer center where, on easily readable 17-inch

(See Dale Dibble Page 26) (L to R) - David Lahait, Dale Dibble, and Norm Cates, Jr.



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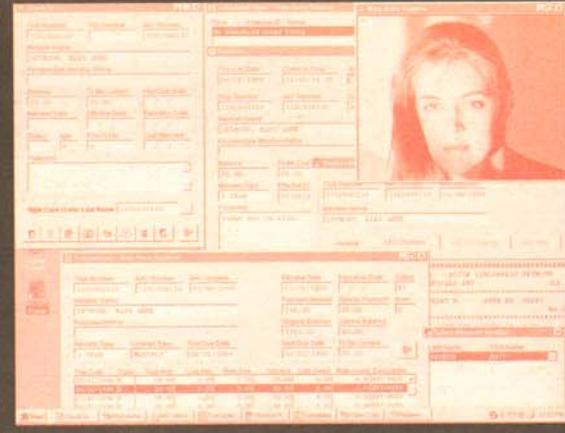
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Don Shula Expressway

...Don Shula

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research is a great thing and I am sure Dorothy would have approved.

Q. Coach, our readers are club owners and operators, people who must lead many others in their clubs, including their staff and their members. I know our readers would appreciate your comments on leadership.

A. There are two keys to leadership: **credibility and communication**. Once your

credibility is lost or challenged, your leadership ability is going to be diminished. I think it is important to never have your credibility questioned. Its happened in politics, in religion, in athletics, and in big business. Everywhere you look you see credibility being questioned or challenged. You want to make sure it doesn't happen to you. The same applies to communication. By keeping the avenues of communication open, you are able to head off problems that could seriously damage what you're trying to accomplish.

When I was young and thought I knew it all, and had all the answers, I shut off communication. Now, as I get older, I realize that the older you get the more you have to learn. It is always great to keep these avenues of communication open to your family, your community, and in business, wherever it may be.

Q. Coach Shula, surely your Super Bowl 17-0 Team in 1972 was your greatest achievement in coaching. But, your greatest honor must have come when you were inducted into the NFL Hall of Fame. Could you tell us about that?

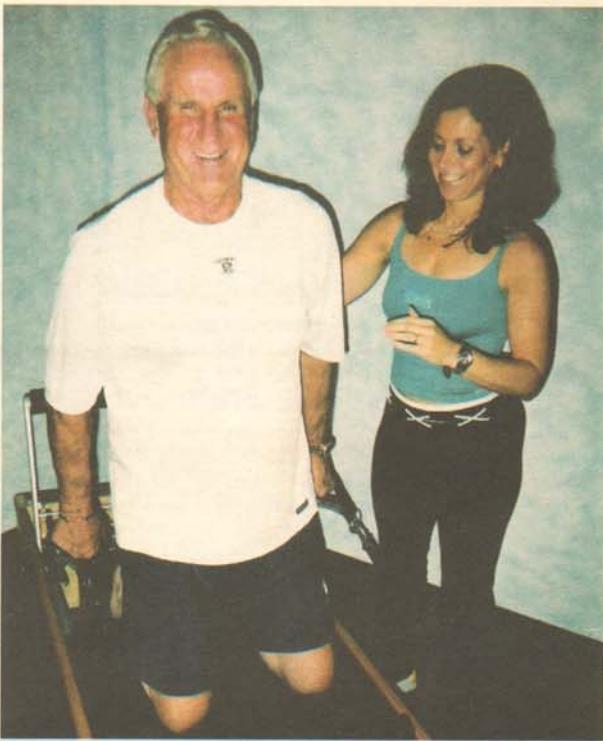
A. That has to be the highest honor that has ever happened to me. I spent 43 years in the National Football League. 7 years as a player, 3 years as an Assistant Coach and 33 years as a Head Coach. I spent 7 years with Baltimore and 26 years with the Dolphins. The Hall of Fame Induction is a recognition of all of those years of service to the National Football League. I didn't make it as a player, but I did make it as a Coach. They had never before let two people be presenters, but they allowed my two sons, David and Michael, do the Hall of Fame Induction presentation. I didn't want to have to pick between Dave and Mike. Dave was Head Coach of the Cincinnati Bengals at the time and Mike was with the Tampa Bay Bucs as an Assistant Coach. But, the Commissioner did grant my wish and that had to be the greatest moment of my life. It was something that I will always cherish.

Q. Coach, did you find yourself fighting back any tears during that Hall of Fame Induction ceremony?

A. Well, it was an emotional time, but I don't think I became teary eyed. I really had to concentrate because there were just so many people that had to be recognized and acknowledged. It takes up your concentration and its on that, rather than on the emotional side. I wanted to make sure I didn't miss any people that have been important in my life to any success I've had. I tried to acknowledge and thank all of the people that have been in my life.

Q. Coach, if there is anything a good leader should avoid, what would it be?

A. I think becoming too self-centered and taking too much



Coach Shula and Wendy Hammond

credit. When that happens, people sense that. I think it is important to be humble and appreciate the people that have helped you be the leader that you hope that you are. Rather than standing around bragging about it, just be humble and give credit to those that have helped you along the way.

Club Insider- That is so important with our clubs because no club owner is successful without his team players helping make it a success. We'll move into the interview segment with Bill Higgs now, but first, do you have any other comments you'd like to share with our readers?

Coach Shula- I've really enjoyed my relationship here with the Graham Family. It started with the restaurant business, and it has expanded to the hotel, the golf resort and the health club. It has been a relationship that's worked for all of us. We're very happy and proud of it. It really does work. You come out here and you feel relaxed and nobody feels they are better than anybody else. It is just a family type of atmosphere and relationship.

An Interview With Shula's Athletic Club General Manager, Bill Higgs - 22 + Years and Counting!

The Miami Lakes Athletic Club opened in October, 1982. Bill Higgs has been with

the club since the beginning, first serving as the Assistant General Manager and then moving into the role of General Manager of Shula's Athletic Clubs.

Q. Bill, how did you get involved in the health, racquet and sportsclub industry?

A. I went to the University of Florida for my Undergraduate work and graduated with a degree in Parks and Recreation Administration. Then I went on to Indiana University for my Master's Degree. My thought at that time was 'I'm moving to California. I just love the State of California!' I was a surfer and just loved to surf. I loved parks. I loved the outdoors. So, I wanted to move there to work in the park system. But, it didn't pan out. I didn't find what I thought I was looking for. So, I came back to the Miami area and got a job with the City of Hialeah Parks and Recreation Department and worked with them for five years. Through a contact there, I found out about this new club opening up. At that time, I was one of the few people around that had any background in weight training. I started way back with European Health Spas as a Trainer, then I worked as a sales person and all that during the old days. Actually, a few of the 1972 Dolphins came to the club and I would help them train. It was amazing that they didn't know (See Don Shula Page 12)

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...Don Shula

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much about weight training. So, here I was training NFL Football players. When this club opened up, the industry was just evolving. Nobody had any kind of certification for trainers or aerobic instructors. We just kind of 'went with the flow' day by day. We learned with the help of IHRSA and the evolution of professionalism in our industry continued and I am still here after 22 years!

Q. Tell me about the Graham Company, the company that owns Shula's Athletic Club, Hotel, Golf Club and Restaurant chain.

A. The restaurant chain is a separate entity, Shula's Steak-houses Inc., and was the vision and creation of David Younts with Coach Shula. The Graham Companies of which our Athletic Club belongs, is a family owned and managed corporation that was established in 1932 and is one of the oldest corporations in South Florida. Sandy Graham Younts, the wife of David Younts, is the President of the Hospitality Division (a division of the Graham Companies) which includes Shula's Athletic Club. Sandy is the one that has really been behind the club for many, many years, supporting what we do here and really allowing me to run this business. Linda Harvey and Barbara Cambia, our two Vice Presidents, have both been very helpful, encouraging, and fun to work with on a more daily basis.

Q. Bill, tell me about your key people?

A. My philosophy has always been that your trainers, your front desk people, your housekeeping, your maintenance people, your people that are on the line everyday, are your key people and most valuable assets. If you can find good people that are out there with your members everyday, it's the most important part. I have been very fortunate to be able to keep, for years in many cases, excellent front line staff. All of that adds to my being here for 22 years. Members know us. They trust us. They see familiar faces. It makes for a comfortable and relaxing environment.

Norm, you just met one of our very key people, Wendy Hammond. She is really the heart and soul of all of our programs. As our Fitness Director, Wendy is responsible for all the trainers, all the exercise classes, our Seniors Programs and our Kids Programs, etc. Wendy wears a lot of hats. I think you can tell by meeting her that her sincerity and warmth is real. You can't ask for anything more. She has her Master's Degree, she was a National collegiate gymnast and attended the University of Alabama on a full scholarship. Wendy has been with us nearly 10 years now.

My Front Desk Manager, Ken Helms, came over from Shula's Hotel and its nice that Ken brings that great guest service training and high level of professionalism to the club, through his experience at the hotel.

We recently experienced a complete turnover in our Membership Sales Directors and Sales positions. I have had people there for 8 or 9 years, but just this year, all three of them left and went to work at our Hotel across the street. So, I recently hired a new Director of Membership Sales and Marketing, John Stewart. He is just getting his feet wet. John brings a lot of business savvy and entrepreneurship to the club.

Q. Bill, how many square-feet is Shula's Athletic Club and how many acres is it on?

A. The club is 40,000 square-feet situated on 5 acres. We have 9 outdoor-tennis courts and a nice sports field for Summer Camps and team sports conditioning.

Q. When do you break ground on the new Spa facility?

A. We will begin construction on May 17th with the goal of completion by Christmas of this year. We will invest close to \$1.2 million for a full service day spa and expanded fitness space for our members and guests.

Q. Bill, in your 22 years here, have you ever discounted membership rates?

A. The only time we've ever discounted our rates was for Corporate Memberships. We've always felt we should keep our pricing the same for everybody that joins as an individual or family. But, we do offer a 25% discount for corporations.

Q. What are your enrollment fees and monthly dues?

A. Enrollment fees are \$150 for an individual and \$250 for a family. Our dues are \$67 for an individual and \$102 for a family. We also have an "Off-Hours" Membership from 11 am to 4 pm that is \$2.

Q. Bill, tell me about your competition.

A. We have two Bally's about five to six miles away. There is a Gold's Gym that has been well operated for a long time by Ron Bell. There is a Lady of America right here in the neighborhood along with a few other smaller gyms in shopping centers in the Miami Lakes area. We've kind of positioned ourselves in the market with our Kids Programs and Seniors Programs and our price point is higher than all of our competition. So, we're really exceptional and different in the market place.

Club Insider - You are operating a *true club*, with a "fitness center" contained inside.

Bill Higgs- Yes, the club has always had a kind of country club feel to it. We really believe in the value of programming, member service, and family oriented fitness.

Q. Bill, you've been involved with IHRSA since the beginning. Tell us about your feelings on IHRSA.

A. I've read recently about the issue that (See *Don Shula* Page 14)

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... Don Shula

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IHRSA is getting away from representing the small-independent clubs, which was IHRSA's whole mission when you started it. I don't feel too much of that. I look at the big picture kind of like you do. I know that they can't make everybody happy and satisfy everybody, but overall, the benefits IHRSA gives far outweighs any negative things I could say about IHRSA missing out on the small club communication. For me, even back in the 1980's, IHRSA was the cornerstone of everything that I knew about what went on in this business. That's where I got answers from, resources from and encouragement from. I know you care a lot about John McCarthy as I do. I think he's a great man. IHRSA stands for everything I would hope such an organization would be. I would not be critical about IHRSA. I think at the same time when we included Bally and some of the other big chains into IHRSA, it probably was a change from the ways it had been done; but, I am not opposed to change. I think it is a better way for all of us to unite in this country and have a positive effect on the health of the population. I can't really disagree with that. I don't feel left out in any way. The IHRSA resources are still there. John calls here every now and then. I am very happy with IHRSA.

Club Insider- Well said, Bill.

Q. Bill, you are also involved in the Florida Health Club Association (FHCA). Tell me your thoughts on that?

A. I've always believed in organizations and fellowship and the camaraderie you get from being with your peers. But, the whole legislation issue is so important. So, to have this voice in our state government, a united voice of all like business owners together, really makes a lot of sense. Then, having gone last year to IHRSA's first Legislative Summit and to be able to go onto Capitol Hill and talk to our legislators was really an eye-opener for me. To be able to have that group of individuals together on a local level in your own state, I think is really important. The frustrating end of it is, how many more club owners are out there that don't participate. We can't get them to join the state club association. I don't know how we can solve that one. We have

a newsletter and more outreach. It is just frustrating to me. I jump on any chance we can to all get together and work for something. But, some guys just sit back and let others do it.

Club Insider- Well, they will take the benefit when it comes, but they won't pay the freight.

Bill Higgs- Yeah, but there isn't much freight! I mean, it's really inexpensive. It doesn't cost much and on top of it, IHRSA gives a 10% discount on their dues if you're a member of your state or regional association.

Q. Bill, what would you say is our industry's greatest challenge and, in turn, greatest opportunity?

A. I think it is how we can convince more and more Americans to take care of themselves and really look at the necessity and benefits of being physically fit. We have a clear and terrific opportunity because our clubs are poised to accommodate this challenge of motivating Americans to come in and begin to get fit. There really needs to be a change in the whole country's feelings about this in order for this to really take hold of the grass roots population. I thought about 9/11 and how it really forced people to think about their lives and think about what was important to them....to focus on their families. At that time, we really made some progress as a gift of this tragedy. People took more stock in their lives and trying to be better, feel better and get back to what is really important. So, I think all of these things are evolving to a point where hopefully the masses are going to take fitness on. The information about the benefits of regular exercise is all out there. But, why aren't more people taking the time? It's got to be a whole revelation that will have to take hold of this country. And, that is the challenge we have and the great opportunity we are all working for.

Q. Bill, if you have a problem in the club, do you have a specific procedure or standard that you follow?

A. It really depends on the situation. I've learned over the years that customer service is a challenging lesson to be learned. You just have to look at complaints or problems as opportunities to do what you do, better. Before, I used to be angry with someone that complained

repeatedly. But now, I say, O.K. this person is really here to push us to be even better than what we are right now. It is a change in philosophy and a growth change. We just try to look at those things positively and make changes accordingly. Those are the voices that we need to hear. Those are the ones out there that can really help you. With integrity and honesty, we must show them we care. We're not perfect, but we will do the best we can. We're far from perfect. I don't think people expect you to be perfect, but they do expect you to care. If I can show them that we really do care about them and we care about the experiences that they have here, that is winning the battle and they usually jump on board and will be your biggest fans from that point.

Club Insider- Bill, you are wise beyond your years!

Q. Besides Coach Shula's Breast Cancer Foundation, are there any other charities that you're involved in?

A. I've been involved with the American Heart Association for years. For a long time, we had local Boards in the different communities in our county that operated our own events like the Heart Walk. So, I started being Chairman of the Heartwalk. I got really involved in the Heart Association because my parents suffered from heart problems. So, this is personal to me. I went on to become the Board Chairman. Now, the Heart Association has centralized into one office. So now, I have stayed with the School Site Program and I work with our six local elementary schools where we have a "Jump Rope For Heart" fundraiser. In addition, we award scholarships to elementary school students for our Summer Camp, who otherwise may not be able to afford it. Students are selected by their respective schools based on their academic achievement, the challenges they have had to overcome in the process, and the role model they set for others. They are honored at a luncheon we host at the Hotel for the students, teachers, principal and parents.

Q. Tell me more about your Summer Camp Programs?

A. It lasts 9 to 10 weeks, depending upon how long school is out. We've had as many

as 175 kids, but generally average 150 per summer. It is a sports-centered camp and we charge \$129 per week. My son, Bradley, started last summer at age 5. And, next summer, his sister, Jenna, now 4, will be eligible to enroll. I never knew how really good the camp was until Bradley attended. When I saw him and his experiences and how much he enjoyed it and all the friends he made, I better realized how terrific our Kids Programs are. Plus, since I met Linda, my wonderful wife of 9 years here at the club, it is fun to have the entire family involved.

Q. Tell us about your Seniors Programs?

A. We started our Seniors Programming years ago with the Silver Sneakers Program. However, the HMO that was providing the program opted out. But, the Silver Sneakers Program gave us a great start and now our Seniors Programs are booming. The program was dormant temporarily, but we signed up most of the people and now it is a growing, booming Seniors Program. We offer classes and activities geared for them including events like Pot Luck Lunches and a variety of other activities. One great key person makes a big difference. That great person on our team that takes on that responsibility is Dawn Davis. She calls our members to check on them if she hasn't seen them lately and she does all she can to get them back in if they are well enough. We submitted Dawn's story in a Dade County competition because she is such a special person and her story is so special. She won The Greater Miami Hotel Association's Recreation Employee of the Year award!

Q. Bill, you're a highly accomplished 22-year veteran club General Manager. So, I am sure you have a thorough financial review process at month's or quarter's end. Please share that process with me and our readers?

A. I do a variance report at the end of the month. I submit a line-item handwritten report about everything in the business. I state my feelings about where we are, why we exceeded or fell short on goals and what the trend looks like. All of this is submitted to our Comptroller. As a group, the Department Managers of our

company do a monthly presentation with all of our numbers, explanations and graphs so that we all may see how we are doing in the respective departments.

Q. Bill, would you like to wrap-up this terrific interview with any closing comments?

A. I would like to say how grateful and thankful I am to be in this industry and to be associated with the Graham Family and Coach Shula. It's been wonderful for me. People always ask me, "How have you done this for 20 years?" I reply, "It's like family. Just like Coach Shula said. It's that feeling. Specifically, David and Sandy Younts have done so much for me over the years. The industry itself being so rewarding. Helping people is rewarding. On one hand, you've got to run a business that is challenging and it is exciting to be successful. On the other hand, you're doing something that it is so rewarding and helpful to people. It makes you feel good and it is hard to stop doing it.

Club Insider- Why would you want to stop? What better way to spend a career, than to live a lifetime helping people!

Bill Higgs- I really feel it's part of my purpose to be here, as Coach Shula mentioned about how his life evolved.

Club Insider- It was my great pleasure to meet Coach Don Shula and interview him for this article. It was also a great pleasure to finally see the club that one of our industry's top General Managers is in charge of. While I had imagined that Bill Higgs would only be associated with a first class operation in every way, I had not imagined just how wonderful Shula's Athletic Club actually was until I saw it for myself. Congratulations to Coach Shula and Bill Higgs and their terrific Team.

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

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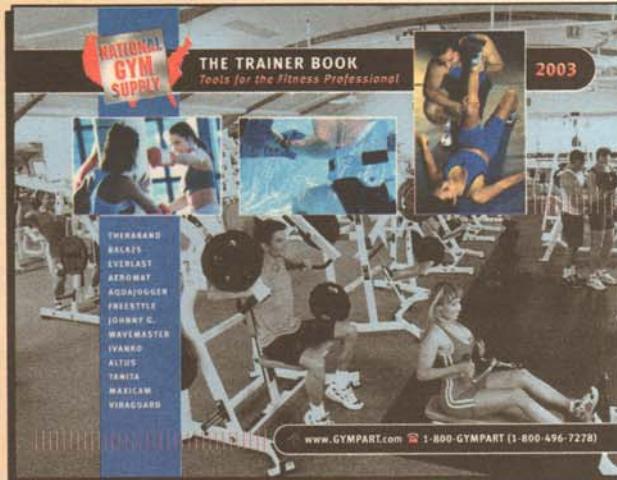


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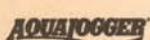
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RETENTION TAKES ACTION

By: Richard Ekstrom

Retention issues in our industry often receive front page headlines but routinely get pushed to back page status when it comes to taking action.

Below is a typical and very important message that many clubs convey to their members:

"I know it takes time to develop a habit, and I know it's very different than what you are normally used to doing; but if you just make the commitment to start exercising and keep exercising, the benefits you receive will be amazing. You will feel better. You will look better. You will feel good about

yourself. It will impact many other aspects of your life. All this can be yours. The tough part is making the commitment to change and then sticking with it over time. We can help you get there but that commitment needs to come from you."

We give this advice regularly to our members. Now, take this excellent advice, flip it around and you will have one of the major answers on how to truly impact retention in your club: make a commitment to instituting retention initiatives at your club.

Improving retention is not an overwhelming undertaking. We do not have to create new programs or systems to implement – we just have to take

advantage of the resources that are available to us. Some of the brightest minds in the industry tell us what needs to be done and how to do it. Extensive industry research is presented that clearly identifies the issues and provides actionable recommendations that will reduce attrition. And yet, very few clubs actually adopt what the experts, and the research, tells us will work and truly implement it. We listen and understand but action is rarely taken.

As creatures of habit – just like our members – it is easier to just continue our usual day-to-day business practices and hope that our retention will somehow be different this year – just like our members hope they will get in shape or lose weight without adopting a commitment to regular exercise.

It is imperative that we develop a clear retention plan and then actively work that plan. Just as we counsel our members and help them create an action plan for improved fitness, we must make a clear commitment to improve retention. But where do you start? As with any solid exercise program, start with the basics.

Below are four fundamentals for **improving** retention. Of course, there are many other activities that will also impact retention, but I would classify these as the basics:

1. Provide comprehen-

sive orientations and regular follow-up support to new members.

2. Monitor member usage and pro-actively communicate with those members who have attendance drop-offs.

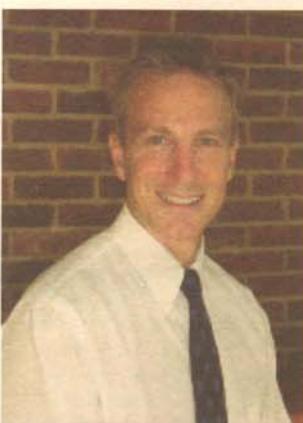
3. Offer diversified quality programming that targets and then reaches those individuals most likely to leave the gym — the low- and non-users.

4. Provide exceptional customer service to **all** members.

There are a variety of ways that each of these activities can be made more effective at your club. Any action on your part to improve how you currently satisfy these fundamentals will improve your retention.

Implementing steps to improve the delivery of these four key fundamentals takes a **commitment** to changing the way we normally conduct business. To successfully improve retention we must practice what we preach. Just as we counsel our members to make a pledge to change, so must we. Improving retention takes **committed action** and there is **no short term solution**. Although such corporate change is not easy, it will lead to financial rewards much greater than what you have invested.

We are busy. Our time and payroll is precious. But if we do not adopt some changes in



Richard Ekstrom

our club's business culture, we should not expect to significantly impact retention. Therefore, the good things that we work so hard for, such as happy and returning customers, a growing customer base and financial success will be more difficult to achieve.

Let us take retention off our back burner and utilize all the great resources that are available. Take action, it will be well worth it!

(Richard Ekstrom, President of Retention Management, Inc. Company Mission: Create a positive impact on a club's bottom line by improving retention. He can be reached at 1-800-951-8048 ext. 2 or riche@retentionmanagement.com.)

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Retention Action Checklist

1. Comprehensive new-member orientations and regular follow-up support.
2. Carefully monitor member usage and proactively reach out to members whose attendance drops off.
3. Target low and non-users with diversified and quality programs.
4. Provide all members with exceptional customer service.

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Your Club's Value to Your Members – High or Low? Do We Make It Easy for Them to Stay or Go?

By: Karen D. Woodard

Hmmm... As you read the title of this article – "Your Club's Value To Your Members – High or Low...Do We Make It Easy for Them to Stay or easy for them to go?" You might be asking yourself, "how is that measured?" The answer to that question is found in the fact that you either do a great job or a poor job at providing a utility as well as a sense of community or connection. The focus of this article is very specifically dedicated to creating value through creating a strong sense of community, feeling a part of something or connection.

For some of you reading this article, the concept and the benefits of being great at creating a sense of community, belonging and connection are so very obvious, BUT these imperative elements are not so obvious to your staff. Here is where the breakdown takes place. Let's review some of the benefits to refresh your staff with:

□ When people feel a part of something, it is easier to feel connected or to feel a sense of belonging. When they feel as though they are a part of something, it is more difficult to sever ties. Thus, high value is created. Conversely, when people feel apart from something or a sense of indifference about whether they are valued or even noticed, the value decreases and it becomes easier to sever ties. (I will present a few tools later in the article on how to enhance the sense of belonging.)

□ Most club operators run their clubs as for-profit entities. Profit is a wonderful thing as it creates opportunity for growth in facilities, services, programs and for staff. Without profit, staff would not have opportunities to grow professionally or earn more income. Very simply, the three key umbrella factors in profitability are excellence in cost control, excellence in getting Members and excellence in keeping Members. The two factors we have the most influence over are expense control and keeping Members. Higher retention of Members directly and positively impacts profitability because our costs per Member decrease, the

retained member refers more Members and typically will spend more in the club. Thus, there is a personal benefit to each staff person to simply do the right thing as a human and create better relationships. Higher retention of Members is directly related to the strong sense of community they feel within your club.

□ Strong, appropriate relationships with Members create a more enriching experience for all parties involved. When we have a sense of connection and community in our work environment, our daily experience is that much more rewarding. Yes, I know that sounds airy-fairy but the value of intrinsic reward is very powerful to all of us.

Ok – let's get to the meat and potatoes, or some tools for you to consider, revise and/or implement to create a stronger sense of community, connection, belonging and ultimately higher value. There are numerous ways to accomplish this outcome. I will address four as follows:

1. Start by reviewing the job descriptions for every position in your club. What I want you to look for is whether or not you are clear about the real purpose of the position. I am not talking solely about the process of how the job is done for a service desk staff person, membership representative, fitness staff person, tennis pro, etc. That is definitely part of it. More importantly, I want you to see if you have made it clear that the essence of each and every person's position is to create a sense of connection and belonging with every encounter he has with Members as well as staff. Is it clearly stated in the job description? I find the following three things when I review most job descriptions: A. They are not specific, measurable and don't reflect the reality of the position. B. They are about the task of the position. C. They are lacking in the essence that it is each staff person's job to create a sense of community and connection with each encounter and not simply to be a desk staff person, membership representative, fitness person, tennis pro, etc.

What do your job

descriptions emphasize? By revising your job descriptions to reflect this element, you will create more clarity in the expectation and thus the final outcome.

2. Once your job descriptions are clear, the next tool is a no-brainer. Hire people who have the skill set or the characteristics for success to do the job – all aspects of it.

3. Now that your job descriptions and staff selection components are in place it is time to review your staff training program. The three components of a strong staff-training program include the following: A. The big picture-general- organizational-operational-orientational aspect that all staff people, regardless of position, complete. B. The department-specific training that only people in that department complete. C. The social skills, courtesy and etiquette training that all staff regardless of position completes. This last component – the social skills training is the one that I typically find missing more often than not. This element is critical in creating connection for over 50% of your staff, young and old, degree or not degree. Social skills, courtesy and etiquette training would include training on such things as how to speak to Members of all ages, what is appropriate/inappropriate to speak about, listening skills, interpretation and action on non-verbal communication, hosting skills, small talk skills, taking initiative on introducing oneself to a Member, Guest or other staff person, staff taking the initiative to introduce other Members to each other, being pro-active and anticipating a Member's need rather than simply meeting the need when approached, etc. If you were to implement this element into your staff-training program, your staff would have a higher degree of confidence and skill level to engage with your Members. What would that do to create connection?

4. One of the easiest, least costly ways to create connection and community is simply face time. Think about this: if you have five to fifteen managers in your club and you required each of them to schedule fifteen minutes two times per day in their schedule to do nothing

but go out into the club and talk to Members, introduce themselves to Members and just enjoy the Members, that would create 150 – 450 minutes or two and a half to seven and a half hours each day of contact with your Members. What would that do to create connection? Now – think about if all of the fitness, membership sales staff, etc. were to do the same thing – wow.

5. Party!!!! When was the last time you held a Member party and personally invited the Members? Yes – the summer BBQs are terrific and the Members who attend have a great time. My recommendation is to host a monthly party at a fun, trendy restaurant or pub where people like to meet. It doesn't have to be expensive. Barter for the food to create an appealing hors de oeuvres buffet and do a cash bar if you need to. To get the most out of this type of function use the following checklist:

A. Send e-mail to all Members inviting them to the party.

B. Divide the Membership up and have up to 20 of your staff be the calling committee to personally invite members to the party.

C. Invite Members to bring a guest with them.

D. Have a guest book and member book for attendees to sign in when they arrive. This means you will have a reception table set up in the entry to your space. Capture guest data to follow up with guests and invite them into the club as your guest.

E. All owners, managers, sales staff and as many staff as possible are required to attend and actively host the guests. That means greeting, walking around and introducing yourself to members you don't know, continuously chatting with Members not just other staff people.

F. Have a drawing for club services, membership time



Karen Woodard

and for Members who brought a guest.

G. Limit alcohol for staff – not that they cannot enjoy it – but remember – we are the hosts – not the party animals.

H. Have fun – this is meant to be social and about creating a stronger connection.

The tools outlined in this article are only a few of the grass roots ways to create a stronger connection and sense of community with your Members. I acknowledge that some of these elements may not appeal to you, but what about your Members? Sometimes we limit ourselves by thinking about what we would like and not what our *Members* would appreciate. To that I have to say – "it's not about you. It is about your Members." And on a final note, remember that if you don't take great care of your Members, somebody else will.

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

**Make
It Fun!**

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

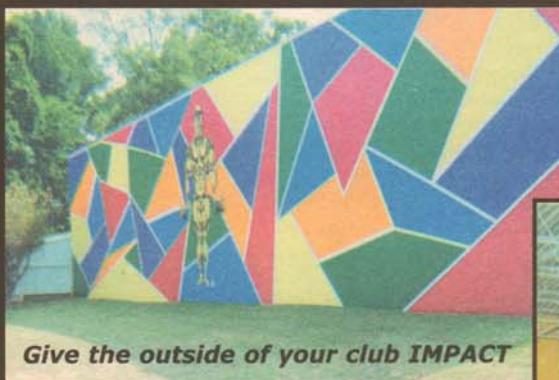
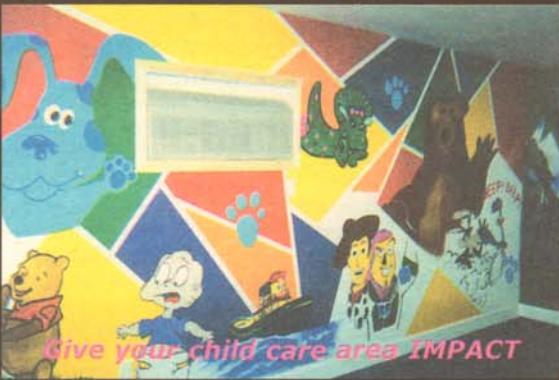
[the effect of having power over a thing or a person, to exert influence over]

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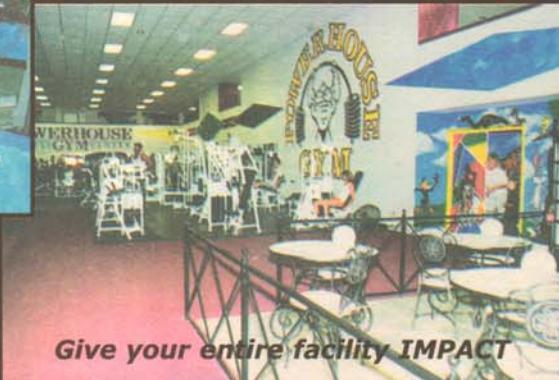
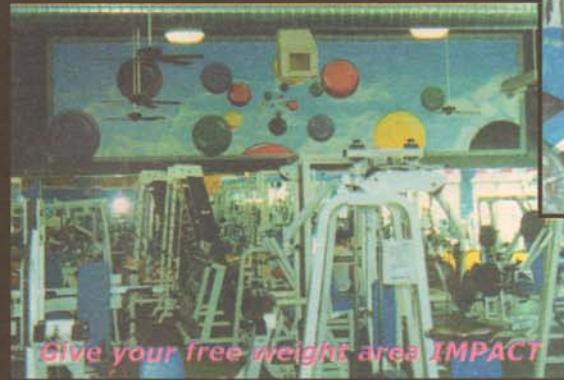


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A Few Good Clubs

Can we handle The Truth?

By: Frank Ancharski

"You can't handle the truth!" exclaimed Jack Nicholson in the military drama "A Few Good Men". Perhaps it is time we ask ourselves if we can handle the truth about ethics in the Club Industry.

In researching ethics, it appears that despite the recent deluge of negative articles regarding ethics in major U.S. Corporations, a change about telling the truth is dawning. Take for example:

"The New Lust for Integrity". Inc. Magazine, February 2004

"Ethical behavior begins at the top of corporations" Pittsburgh Post-Gazette (PPG) 4/13/04

"Fraud Detectors" (PPG) 4/20/04

"Personal ethics led to changing investing world" USA Today (USAT) 4/21/04

"Computer Associates names interim CEO" (USAT) 4/27/04

"Janus to pay \$225 M to settle charges of trading irregularities" (USAT) 4/28/04

"Son of Boss" investors are urged to turn selves into IRS". (USAT) 5/6/04

"Truth on Trial". Smart Money. 5/14/04

"Integrity, not returns #1 in choosing financial advisors". (PPG) 5/10/04.

The common underlying theme in each of these articles is that the truth is what should set any company free. And the truth is, we as an industry owe Ethical Fidelity to our public, our owners, our members and each other.

Recently, our own industry has come under public disrepute. The Znetix case with the Securities and Exchange Commission (SEC) should be of disgrace to us all. The SEC is also probing Bally's treatment of prepaid memberships. They recently fired their CFO, and that should cause us pause. As our industry grows and is ever in need of private and public funding, our integrity in the eyes

of the public will be open to more scrutiny and indictment. Unless, we take action ourselves and self-regulate, the truisms we speak about in our Code of Conduct, By-Laws, Membership Pledge and Eligibility Standards is false, or worse a farce. As Martha Stewart joined the ranks of indicted executives at Enron, WorldCom and Znetix, let us hope the "collective we" are and continue to be, as Karen Woodard so aptly suggested in the April 2004 issue of the Club Insider, "Doing Business Right".

A former IHRSA Board member, Rich Mandley, President of Professional Fitness Management (ProFit) paraphrased our directive as deftly when he said, "it is a matter of doing what we say we do". Is our word our bond?

So, what is the right thing to do relative to ethics? Perhaps breakthroughs in ethical behavior can come from ideas outside the industry, since we are inside the box. Permit me to suggest a few avant garde ethical ideas:

1. Suggest Tom Behan's newly formed Silver Anniversary Commission formulate a "Statement of Ethics". Clearly, his commission exudes quality and integrity in Thomas Plummer, Joe Cirulli, Ben Emdin, Jill Kinney, Michael Levy and Mitch Wald. IHRSA, its Board and John McCarthy should be resoundingly commended for forming such a distinguished group, who rightfully will function independently of the IHRSA staff and board.

2. Establish an Ethics Enforcement Committee of the IHRSA By-Laws, Codes, Eligibility Standards and Pledges whereby a whistle blower policy is adopted. Also, a random, unannounced check of clubs and Associate Members could be included to insure those promises made to IHRSA are upheld. It could be modeled after the "Neighborhood Watch" programs alive throughout the country. The committee should adopt a Zero Tolerance policy.

3. Web Cast Board meetings. Imagine the ethics



Frank Ancharski

high bar created by clubs and organizations that allow public examination of public club policies. Congress does, why can't our industry?

4. Bonus and Commission Free Executives and Sales Personnel. Imagine a window decal proclaiming "IHRSA, Commission Free Memberships". Would we not (See Frank Ancharski Page 21)

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The 2005 IHRSA Board of Directors

BOSTON – May 10, 2004 – The International Health, Racquet & Sportsclub Association (IHRSA) today introduced its 2005 Board of Directors. The association will welcome a new Board president and five new members when the Board of Directors term begins on July 1, 2004.

Current IHRSA Board member and General Manager of the Santa Barbara Athletic Club, Julie Main, will replace Tom Behan, Co-Founder and Co-Owner of the Alaska Club as the IHRSA Board President. Behan will serve in the new term as the Board ex-officio. New members will include Cyrus Oskoui, President of Columbia Athletic Clubs, Lloyd Gainsboro, Director of Business Development for Dedham Health & Athletic Complex, Ed Williams, President and CEO of the Wellbridge Company, Tony DeLeede, Managing Director of Fitness First Australia and Mike Motta, Managing Director of Plus One Fitness.

As IHRSA welcomes its new members to the Board, it will bid farewell to three current Board members, as well. Geoffrey Dyer, the Board's outgoing ex-officio and President of Lifestyle Family Fitness Centers, Dean Wallace, President of Fitness West and Sandy Franco, Co-

Board Member	Board Position	Company
Tom Behan	Ex-officio	The Alaska Club
Julie Main	Board President	Santa Barbara Athletic Club
Carol Nalevanko	Board VP/Secretary	DMB Sports Clubs
Mark Smith	Board VP/Treasurer	Town Sports International
Joe Moore	Board Member	Moore's Fitness
Greg Lappin	Board Member	Rochester Athletic Club
David Giampaolo	Board Member	Pi Capital
Cyrus Oskoui	Board Member	Columbia Athletic Clubs
Michael Levy	Board Member	Casaral, Inc.
Ed McCall	Board Member	Brentwood Associates
Debra Siena	Board Member	TCA
Geoffrey Dyer	Board Member	Lifestyle Family Fitness Centers
Lloyd Gainsboro	Board Member	Dedham Health & Athletic Complex
Ed Williams	Board Member	The Wellbridge Company
Tony de Leede	Board Member	Fitness First Australia
Mike Motta	Board Member	Plus One Fitness
Michael Lamb	International Ambassador	Fitness First Asia
Carlos Heitor Bergallo	International Ambassador	Fisilabor

Owner of Franco's Athletic Club will complete their service to the Board in July.

"On behalf of IHRSA and its members, I would like to extend a warm welcome to the Board's new members and our deepest gratitude to our outgoing

members," said John McCarthy, Executive Director of IHRSA. "In their tenure on the IHRSA Board, Geoffrey Dyer, Dean Wallace and Sandy Franco have unselfishly shared their time, vision and expertise for the continued growth and success of our

industry and I thank them for their lasting commitment."

(The International Health, Racquet & Sportsclub Association (IHRSA) is a nonprofit association dedicated to the growth, protection, and

promotion of the health club industry, and represents more than 6,500 clubs worldwide. IHRSA is an international leader in health club industry education and research.)

...Frank Ancharski

continued from page 20

focus more on enriching our members rather than ourselves? Imagine how such a standard would remove the perception of "high pressure sales tactics" we understand to be "true" from surveys the industry has conducted on former members and why members quit, whether we like to admit those perceptions or not. After all, didn't each club "agree to conduct business in a manner, which commands the respect of the public from our industry, and for the goals toward which we strive". (See final bullet point in the IHRSA Member Code of Conduct). I know of a Mercedes Benz dealer whose "Auto Advisors" collect NO commission.

5. Quickly, what is IHRSA's Club Membership Eligibility Standard #7 ?..."the club must offer each adult member a pre-activity screening appropriate to the physical

activities to be performed by the member". I honestly did not know that one myself. A wonderful standard. Does it occur in at least 90% or more of the 6,500 IHRSA clubs worldwide?

6. Accounting Standard. The Sarbanes-Oxley Act of 2002, better known as SOX, applies to public companies and requires implementation of accounting reform and corporate accountability. Not long after this Congressional action, the American Institute of Certified Public Accountants issued a statement titled "Consideration of Fraud in a Financial Statement Audit (Statement on Auditing Standards NO. 99, SAS 99). This antifraud and corporate responsibility program applies to all financial statement audits, regardless of the type of entity (public co, closely held co, and not-for-profit) being audited. How will our industry respond to changes in auditor's review of internal controls, material misstatements and actions to

assuage wrongdoing?

7. Continue an active dialogue. Certainly the brightest minds in this industry can construct documents and initiatives that give us the steak with the ethical sizzle. This issue must be directed further up the industry's priority list. Continuing such conversations on ethics may improve our industry's chances to be above reproach.

Besides not being right, lying about compliance and any abridge to our existing codes and standards hurts our credibility. It damages our integrity and undermines our confidence in the very best industry going. This is true even if such affronts to our word are done without anyone knowing but us.

Would anyone of us have the courage of SPC Joseph Darby, the Iraq Prison Whistle Blower, to do the right thing reporting fellow soldiers about abuses? Congratulations to ABC NEWS for naming him "Person

of the Week" on Friday, 5/7/04. It is also common practice in some guidance counselor offices to encourage peers to report bullies as a way to curb violent attacks in schools. Would any of us lose billions of dollars by forfeiting a contract and firing key executives as Boeing did after uncovering the theft of bidding materials from a rival, Lockheed Martin, by those executives? Or, would any of us part with a client because of questionable handling of diversity in marketing materials such as Buzz Waterhouse, President & CEO of

Reynolds and Reynolds Consulting in Dayton, Ohio did recently.

You see, I believe this great industry with its robust leadership whom already possess the highest ethical standards, can handle the truth. Let's challenge the leadership AND each other to follow in practice the edict we all agreed to espouse; "To Grow, Protect and Promote."

(Frank J. Ancharski, M.S.- Head Coach - www.clubcoach services.com)

THE Club Insider NEWS

is seeking Contributing Authors

-If interested please contact Norm Cates

(770) 850-8506
or Email:
clubinsidernews@mindspring.com

Increase Your Networking Skills

By: Karen K. Kirby

There are so many great companies our industry can learn from. I enjoy studying "best practices" and have recently become involved in a business network group called Business Network International (BNI). I am so impressed with their organization because its business philosophies and guiding principles are ones I believe in and have seen work well during my 20 years in the fitness business. The BNI principles belong to their founder, Dr. Ivan Misner, but they work in any business, in any city, of any country, in the world.

Givers Gain

Giving freely of our time and our expertise as we go about helping people succeed at business or health will in turn come back to us three fold. Their success is truly our success.

Word of Mouth Referrals

How many of us have handed out 25 business cards at

a business lunch or spent all afternoon telephoning a contact list in which no one was interested. What a waste of time and effort. A true "word of mouth" referral is the absolute best way to give and get new customers. When someone recommends us highly to a friend, the chances their friend will become a new client is extremely high. What are you doing today to increase your "word of mouth" referrals?

Know, Like and Trust

As a rule, we only want to recommend our friends and best customers to people we know, like and trust. Knowing and liking is one thing. Trusting someone is a whole other story. The only way our customers and local business partners can truly know, like and trust us is by developing relationships with us. Key relationships take time. They are like beautifully landscaped gardens that take months and years to look their best. Some of those key relationships will be found in your clubs, but most will be

developed out in the community as your company becomes active with other groups.

TLC

A good net worker must believe and live by the principles of TLC.

Am I Teaching?
 Am I Listening?
 Am I Contributing?

The next time you are in a group meeting or one-on-one with someone, ask yourself those three questions. Carefully listen and understand how you can help that person. How can you contribute to their success? Most importantly, teach them how to bring you the contracts you need.

Power Teams

Power teams consist of people in your business or professional network that you already work closely with. Ask yourself who in your circle of business to business relationships will benefit as your company grows. Think of your printing company, cleaning

company, landscaper, physical therapist, banker, realtor, and lawyer. You should already be well on your way to that "know, like and trust" rule with these individuals. They should be on the top of your list to give and get word of mouth referrals. This is the cool thing — everyone that works with you has his or her own networks and power teams going. How can you tap into those already existing relationships?

Training

Every member in BNI gets hands on training. Before they accept a chapter leadership position, they get trained. They have extensive new member training. The visitor hosts are trained on how to greet guests, how to register them, and how to follow up with them. The president is taught how to run good meetings, how to stay on time, and how to get everyone involved. The members are taught how to effectively introduce themselves, how to state their business purpose and they practice it every time they

meet. Members are taught weekly how to get referrals, how to network, and how to create their own power teams. It is amazing. BNI truly believes that *success comes from training, retraining, and practicing — a lot!*

Good luck increasing your personal networking skills. If you want to check out BNI, go to www.bnionline.com. If you have already been taught most of these principles by an obviously great business coach, be sure to thank them. I think of the many leaders in our industry that set great examples of champion networkers. Leaders who are continually helping people succeed or putting them in contact with others that can help them succeed. People like John McCarthy, Rick Caro, Norm Cates, Bob Esquerre, and my personal mentor, Bruce Hendin. Thanks for your "givers gain" attitude.

(Karen Kirby is the President of Health Style Services, Inc. and may be reached at: 210.884.2620 or email: KKKirby1466@aol.com)

AMERICAN COUNCIL ON EXERCISE SUGGESTS THE TOP TEN REASONS WHY ARTHRITIS SUFFERERS SHOULD EXERCISE

SAN DIEGO, Calif. — May 4, 2004 — Arthritis is becoming more and more common—and not just among the very old. In conjunction with National Arthritis Month, the American Council on Exercise (ACE), America's non-profit fitness advocate, suggests the following ten reasons for arthritis sufferers to start an exercise program.

"Unfortunately, many arthritis sufferers mistakenly believe that exercise will worsen their condition," said Dr. Cedric Bryant, chief exercise physiologist for ACE. "The reality, however, is that a well-rounded physical activity program of stretching, strength training and aerobic exercise can help minimize many of the adverse affects of arthritis and improve overall functional capacity."

1. Flexibility training

helps improve range of motion and reduces stiffness in afflicted joints, particularly the early-morning stiffness often associated with arthritis.

2. Aerobic exercise, particularly low-impact activities such as walking, not only improves overall fitness, but also helps reduce the psychological and emotional pain that often accompanies arthritis.

3. Strength training exercises help build muscle strength, enhance joint stability, and improve mobility making easier to perform activities of daily living.

4. Weight-bearing (e.g., walking) or weight-loading (e.g., strength training) exercise positively affect bone mass, helping to reduce the risk of developing osteoporosis, a degenerative bone disease that

is often seen in people with arthritis due to their reduced levels of physical activity.

5. Arthritis can negatively affect posture, balance and coordination, all of which may be improved by regular exercise.

6. Excess weight (especially in the form of extra body fat) places additional strain on the joints so maintaining a healthy body weight is very important for individuals with arthritis. Along with a sensible diet, exercise plays a key role in helping individuals maintain normal body weight levels.

7. Exercise has been shown to help manage stress, which can take its toll on the whole body, including the joints.

8. Because it is a chronic degenerative disease, people with arthritis often

become depressed and develop a poor self-image. People who exercise, however, are less likely to be depressed and tend to possess more positive mental outlooks.

9. Painful joints can make getting a good night's sleep difficult, if not impossible. Regular exercise has been shown to improve overall sleep patterns and may help lessen this problem.

10. Because arthritis frequently leads to a more sedentary lifestyle, individuals with this condition are often at an increased risk of developing other significant health problems, such as heart disease or diabetes. Staying active and exercising regularly is an effective means of not only controlling the affects of arthritis, but also of minimizing or eliminating the risk of developing a variety of other

lifestyle-related diseases.

(The American Council on Exercise (ACE), America's Authority on Fitness, is a non-profit organization dedicated to promoting the benefits of physical activity and protecting consumers against unsafe and ineffective fitness products and instruction. As the nation's "workout watchdog," ACE sponsors university-based exercise science research and testing that targets fitness products and trends. ACE sets standards for fitness professionals and is the world's largest nonprofit fitness certifying organization. For more information on ACE and its programs, call (800) 825-3636 or log onto the ACE Web site at www.acefitness.org.)

Road Tripin' In Florida

By: Norm Cates, Jr.

Because of my monthly *Club Insider* News production schedule, I have a limited window of time at the end of each month when I may travel. So, this month I took a "Road Trip" to Florida and it was very enjoyable. I started with a brief, overnight stop in the Orlando area and enjoyed a terrific dinner with my long-time friend, **BIG JIM FLANAGAN**, at the world class **DelFrisco Steakhouse** on Lee Road in Orlando. Jim is now involved at DelFrisco as its **Director of Operations** and I can tell you this, I enjoyed the best steak I've ever had there and greatly enjoyed catching up with Jim. Jim took me by his home where he gave me a tour of his **MedX Showroom**. He has over 25 pieces of **MedX** and some of the first **Nautilus** Machines ever built, situated in a 1200 square-foot workout room right in his home. Viewing the walls of Jim's showroom was a really fun experience as he has an amazing collection of photos, art work and other collectibles creating a very enjoyable visual experience. The next morning I met **Gold's Gyms** owner/operator, **PLEASANT LEWIS**, a very nice guy with a

really terrific 4 club **Gold's Gyms** operation in central Florida (And one **Gold's** in Virginia). Pleasant's **Gold's Gyms** are big, the two I visited were 30,000 and 45,000 square-feet respectively and they are nicely done with terrific colors, lighting and in general, wonderful upscale decors. Pleasant is a very sharp young man with a great future in this business. I then traveled south toward Miami where the next day I was to interview **COACH DON SHULA** and **BILL HIGGS** of **Shula's Athletic Club** in Miami Lakes (A suburb of Miami). On the way, I stopped by Coral Springs (outside Ft. Lauderdale) to see my old pal, **DEAN KACHEL**. Now here is another great Florida story. This fall, Dean and his wife, **M.J.** will celebrate the 25th Anniversary of their **Quadrangle Athletic Club**! After a brief visit with Dean I traveled a few miles and stopped in on a small Personal Training Studio where I was hoping to speak face to face with **BRIAN HOMAN**. It was my hope that I could convince him to drop out of his plans of becoming involved in our industry again, but he had stepped out. Then, I headed

down to Miami where the next morning I had a wonderful meeting and interview with **COACH DON SHULA** and **BILL HIGGS**. What a nice club! After wrapping up my interviews with Coach Shula and Bill Higgs, I headed west across "Alligator Alley" to Fort Myers, Florida to spend some time with my friends **RAYBOB** and **SANDY GORDON**. Ray is the Founder and President of Sales Makers and his lovely wife, Sandi, is the Membership Director at the **Fitness On the Move** in Fort Myers. The next day, Ray and I traveled to Naples, Florida to have lunch with the one and only, **DALE DIBBLE** and to personally deliver the "Health Club Pioneer of the Year" Award presented to Dale at our **10th Anniversary Party** (**RICK CARO** received it there on Dale's behalf, and I just wanted to deliver it to Dale in person in Florida). Ray Gordon and I had a terrific visit with Dale and **DAVID LAHAIT**, the Director of the Bentley Village Wellness Center. We also met briefly with **DR. BUEL MORLEY**, whose amazing story appears on page #8 along with Dale's). On Sunday, I pressed on back toward Atlanta and spent the night with

GEOFF and **TINA DYER** at their beautiful home on the waterfront in St. Petersburg. Thanks for the lodging, terrific dinner, and the boat ride Mate! Geoff has done an amazing job with his **Lifestyle Family Fitness Center** organization and now has 17 operational locations and his 18th location under construction. And, Geoff has done something I would encourage all of you to consider. Geoff has eliminated contracts as a condition of membership and offers month-to-month memberships. He made the decision to do that after working with Ray Wilson's California Fitness Center in Tampa. Geoff, **IHRSA's 21st President**, is a real credit to our industry. On Monday morning I headed to Gainesville, Florida to visit **JOE CIRULLI**'s **Gainesville Health and Fitness Center**. Joe and I then drove to Ocala where Jim Flanagan had arranged a meeting for us with the genius inventor of **Nautilus** and **MedX**, **ARTHUR JONES**. We spent over 3 hours with Arthur and I want to just say thanks to Arthur for having us for the visit in his home. What a three hours that was! And, as every time before when I have met with Arthur Jones, I went away with my head spinning from his

vast knowledge of a myriad of subjects. My sincere condolences to Arthur as I am sorry to announce that his wife, Inga, passed away on Sunday, May 16th. May she Rest In Peace. Joe and I went back to the amazing 66,000 sq.ft. **GHFC** and he gave me an update tour showing the expansion and improvements he has done since he opened his new building about six years ago. I have told people for years that if you ever get to Florida you MUST see Joe Cirulli's Gainesville Health and Fitness Center! Joe is without a doubt one of the very top club owner/operators in the world as his big club has 18,500 members and his women's-only club has 5,000 for a total of 23,500. And, Joe is doing a terrific job since he took over the **MedX Spinal Core Fitness Center** operations. Check out Joe's ad on our outside back page.

This was a quick summary of my Florida road trip and in closing, I would like to thank all of the kind folks in Florida that I had the chance to spend time with. It was my true pleasure. I had so much fun I will probably hit the road again soon and who knows, I may end up at your doorstep! **STAY TUNED!**



Florida Friends from top left to right:
Pleasant Lewis, **Big Jim Flanagan**,
The Geoffrey Dyer Family, **Dean Kachel**,
Dale Dibble, **Sandi Gordon**, **Dale Dibble** &
Ray Gordon

"small is GREAT!"

An exclusive column featured only in Norm Cates' "Club Insider"

By: Michael Scott Scudder

"A SPECIAL COLUMN: \$19 A MONTH PLAYERS AND 'CATEGORY KILLERS' – WHAT THREAT ARE THEY TO YOU?"

I hope my readers will indulge me for straying from my regular column for the next two months...but I feel that the message contained in this issue's "special column" is vitally important to small and independent club operators.

THE \$19-A-MONTH PLAYERS: IS THIS FOR REAL?

Yes, it IS for real...and this resurgence in "low-price plays" is moving much more rapidly than anyone imagined.

I was motivated to do my own research into this phenomenon, primarily following the news of the conversion of several well-known, highly-respected and very successful gyms in a Northeastern state from a nationally-branded "name" franchise to a regional franchise brand...most of these clubs going from high \$40's per month dues and above prices to \$19 a month!

What I found out was astounding!

o First off, many of the \$19-a-month players are NOT "scuz-ball" entrepreneurs looking to make a quick buck! They are seasoned professionals who have had it with trying to:

o Control the costs of advertising and sales in an increasingly competitive market-

place.

o Put up with dwindling-attendance, higher-payroll group exercise programs that cater to too-few of the total members of the club.

o Contribute child care services, also at high payroll costs, to a small segment of the overall membership.

o Suffer from higher and higher marketing expenses with lesser and lesser return.

o While there are many different models of \$19-a-month clubs (for examples – some offer only fitness, no group exercise, no child care, no sales personnel; others offer \$19 as a base price, then add-on monthly increments for group exercise and/or child care.) Some are "big-box" clubs of over 30,000 square feet; others are smaller clubs of mid-teens [in thousands] square footage, but one thing is common of all of them: THEY DRAW FROM A SEEMINGLY WIDER POTENTIAL MEMBERSHIP POOL THAN "AVERAGE CLUBS" DO! In fact, one \$19-er CEO says that he sees that he is drawing from another 10% of the population over and above the standard 13% that all clubs seem to attract.

o The play is clear here. These operators are serious about delivering a quality facility (granted, generally low in services) at a very reasonable price...so low in price, in fact, that they envision that "occasional users" will NOT quit even if their attendance is low, because of low investment-in-membership thresholds.

o What is abundantly evident is that these players are convinced that the "average

club" IS NOT delivering and CANNOT deliver quality services to most members, as evidenced by a steady 40% attrition percentage of membership in most clubs across the nation. Add to that the fact that the "average club" is priced at generally \$40 per month and above, and one sees the reasoning for some entrepreneurs to attempt a mass-market, far-lesser-price play to attract not only new exercisers but also ex-members of clubs who were dissatisfied and paid higher prices, and to hold members with infrequent usage patterns due to such a low cost of membership.

o In general, the \$19-ers theory is that members will not argue with less than stellar service nor with less frequent usage when they are spending less than half of what they spent at another club! So far, early reports on retention are justifying that argument.

o Finally, the monthly dues lines being generated by these operations are, in a word, *phenomenal*. One Connecticut club went from a failing monthly draft of \$6,000 per month to over \$40,000 per month in less than a half-year!

CATEGORY-KILLERS: WHAT ABOUT THEM?

The "category killer" is evidenced by "huge box" plays like *Lifetime Fitness*' model of 100,000 square foot plus clubs in high population, good demographics centers.

o The formula is simple: offer an outstanding experience with multi-services all under one

roof for a modest price (usually in the \$40's per month). Market like crazy and attract all ages, all members of the family through a hard-to-argue-with pricing strategy and an incomparable facility.

o The results have been consistently favorable for these types of facilities and unfavorable for a lot of the "ma and pa" seasoned operators who have had a hard time reinvesting in their clubs and are suffering from the "comparison shopping" syndrome, not only from potential new members, but from current users as well. In fact, these "huge boxers" have, in several large-city suburbs, driven a significant number of lesser players out of business in the past couple of years.

What IS evident is that independent and small operators in many regions of the country must double-time it to "distinguish your facility or die" mode. Another way of saying it is "get to quality service and fast, or croak."

The direction seems obvious to this writer. The predicted "shake-out" or "consolidation" of the industry is beginning. What is of more concern is that the apparent "commoditization" of our business is looming around the next corner. And most of us know that, when you commoditize a business, generally prices level out for some time to come, or even *drop*. If that happens, already-suspect profit margins will surely be in for another crunch.

Are there ways that you can battle this crunch-

coming-from-both-ends-of-the-fitness-marketplace movement? Yes! In next month's continuation of this special segment, I will outline steps that you can take to secure your market niche.

In the meantime...it's time to start paying attention to your business!

Until next month – **MICHAEL SCOTTSUDDER**

(Michael Scott Scudder, a contributing author for "The Club Insider News," and the subject of the January 2004 "Insider Interview," is a three-decade veteran of the fitness industry. He heads a club management training company based in Taos, New Mexico and Fort Worth, Texas, offering regional-city one-day seminars and an intensive 2 1/2 -day workshop on personal and group training in home headquarters of the Fit For Life Centers in Texas, of which he is a partner. He can be reached at 505-690-5974, by email at mss@michaelscottscudder.com or at his web site, www.michaelscottscudder.com.)

Make
It
Fun!

THE FITNESS INDUSTRY GETS "SMART"

Denver, Colorado – ZD Technologies (ZDT) has teamed with Teng Solutions, Inc., a leading technology and engineering firm, to deploy the **mPower** network, a suite of technology products and services packaged together to improve cost and operation efficiency with wireless 'smart' technology. The much needed innovative technology will enable the fitness industry to save millions of dollars and manage growth while greatly improving customer service.

mPower will enable health clubs to efficiently monitor

and manage all areas of operations over the Internet, dramatically reducing utility and maintenance costs. **mPower's** Building Automation Systems allow operators to effectively manage environmental controls such as temperature, power, lighting, HVAC, humidity and security. With the ability to, for instance, turn off or dim lights, cooling and heating in rooms during unoccupied times, facilities can conserve a great deal of energy over the course of a year.

This same 'smart' technology allows club operators

visibility into product usage and member activity. When health club equipment is enabled with a 'smart-transceiver', equipment performance data is gathered for both facility operators and manufacturers. This data can then be used to help predict and manage product failures, significantly reducing warranty costs, reducing 'down time' in clubs and allowing operators to make more educated buying decisions.

"ZDT understands the value of turning data into actionable information. This allows a club significant gains in

efficiency by leveraging neglected assets in their facility (ie CV equipment, HVAC, etc)," says President Craig Garza. "mPower's Building Automation Systems will eliminate waste, conserve energy and cut costs by simply enabling you to extract meaningful data from your facility environment. The device automation technology provides valuable insight to equipment performance and significant cost reductions and benefits to both operators and manufacturers."

ZDT headquarters are located in Denver, Colorado. They have

created an enterprise network involving cardiovascular equipment and facility automation for device connectivity. Visit www.zdtechologies.net for more information.)

(Teng Corporation was founded in 1959 as a Chicago-based engineering firm. Today, Teng is a leading provider of services nationwide. Teng is in the business of providing fully integrated professional services for project development, architecture, engineering and construction, including the engineering disciplines of Architecture, Mechanical, Electrical, Plumbing, Technology, Structural and Civil engineering. Visit www.teng.com for more information.)

Norm Cates'

THE Club Insider

NEWS

Consumer Edition

"You Must Train Your Mind To Train Your Body"

● The CIN "Consumer Edition" will be a new monthly publication by Norm Cates, Jr., Publisher of The CLUB INSIDER News for 10 years and counting. Cates was IHRSA's 1st President and a Co-founder of the Association and has chosen the motto: "You Must Train Your Mind To Train Your Body!" for the Consumer Edition.

● Mission Statement- "To provide health, racquet and sportsclub members with inspiration, motivation and knowledge that will help them get better results from their membership, thus increasing new member referrals and retention."

**Pre-enroll today for distribution of the Consumer Edition
to your members at no cost for the publication.**

105,350 club members are Pre-enrolled to date!

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

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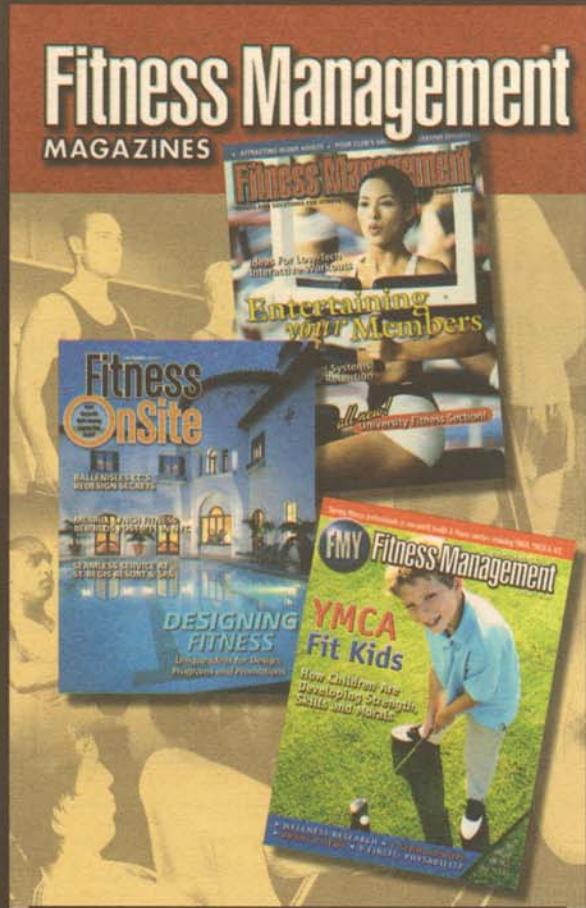
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Pre-enroll Today!!!

Late Breaking News! Information Wanted!

The CLUB INSIDER News is attempting to track down Scott Theeringer, former owner of three Gold's Gyms in Dallas, Texas. Investigation now underway. Any and all information on this individual will be appreciated, including Therringer's whereabouts or how the individual may be contacted.

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Iron Grip Barbell Company and Body Training Systems Announce Strategic Alliance

Orange County, CA - April 29, 2004 - Iron Grip Barbell Company and Body Training Systems (BTS) have recently entered into a strategic partnership to offer fitness facilities the ultimate group strength training experience. BTS, a provider of group fitness programs, is now offering Iron Grip's Group Strength® line as an equipment component to their popular BODYPUMP® program.

As industry leaders in their respective fields, Iron Grip and BTS have formed a synergistic relationship where each can provide expertise in the areas they know best.

Says Terry Browning, president of BTS, "We've long recognized Iron Grip's Group Strength equipment as a high quality, innovative equipment

system for group fitness. Group Strength's innovative grip plate design complements BODYPUMP exercises and the heavy-duty quality reflects our overall mission to provide our licensees with a world class group fitness experience."

"We're confident in recommending BTS' BODYPUMP program to our Group Strength customers," says Donna McCallum, National Sales Manager for Iron Grip. "We respect BTS' experience and talent in creating group programming that is comprehensive and well-researched, yet still remains fun and inventive."

(Body Training Systems is headquartered in Atlanta, GA. BTS is the U.S. and Canadian distributor of licensed group

...Dale Dibble

continued from page 8

screens, residents can access e-mail and the Internet to keep in

touch with family and exercise their intellects. The center also includes a social area where residents can relax and enjoy tableside conversation as well as

fitness programs BODYPUMP, BODYCOMBATTM, RPM, BODYSTEP, and BODYFLOW, as well as the inventors and distributors of The STEP®. BTS delivers world class group fitness management, programming, training and marketing systems to health facilities and instructors. For more information, visit the BTS website at www.bodytrainingsystems.com. Iron Grip, based in Santa Ana, CA, is the largest provider of commercial free weight equipment worldwide and the only manufacturer with a line of exclusively American-made free weight equipment. For more information, contact the company at 800-664-4766 or visit www.irongrip.com.)

fresh fruit, cookies, and coffee.

Bentley's Wellness and Fitness Center has had striking benefits for residents. As Lahait explains, almost all fitness center regulars have seen improvements in their balance, strength, and flexibility. Dolores Michelotti, another regular visitor to the Wellness and Fitness Center, has been able to rehabilitate her torn rotator cuff. "My back is stronger, and I'm down to one medication a day!" she said.

The benefits are emotional, too. Lahait describes the center as a second home where residents laugh, socialize, enjoy attention and physical challenge, and leave wanting to be well. Mrs. Michelotti enjoys the computers and social aspect of the Wellness and Fitness Center in addition to her 45-minute exercise regime. "The people are fun, which makes it easy to come every day-residents really look forward to being here."

"The upbeat atmosphere, camaraderie, and stimulation provided at the Bentley Village Wellness and Fitness Center unfailingly lead to improvements for body and spirit," says Lahait. "The connection between emotional and physical wellness is something we often read about, but here it really happens."

For more information on Bentley Village, A Classic Residence by Hyatt, call (239) 597-1121 or 1-888-945-1121, or visit the company's Web site at [Http://www.hyattclassic.com](http://www.hyattclassic.com).

THE Norm Cotes' Club Insider NEWS

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- Gordon Johnson, Gold's Gym Owner



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

- John Bonica, Global Fitness Owner



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

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

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