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NEWS

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

MAY 2005
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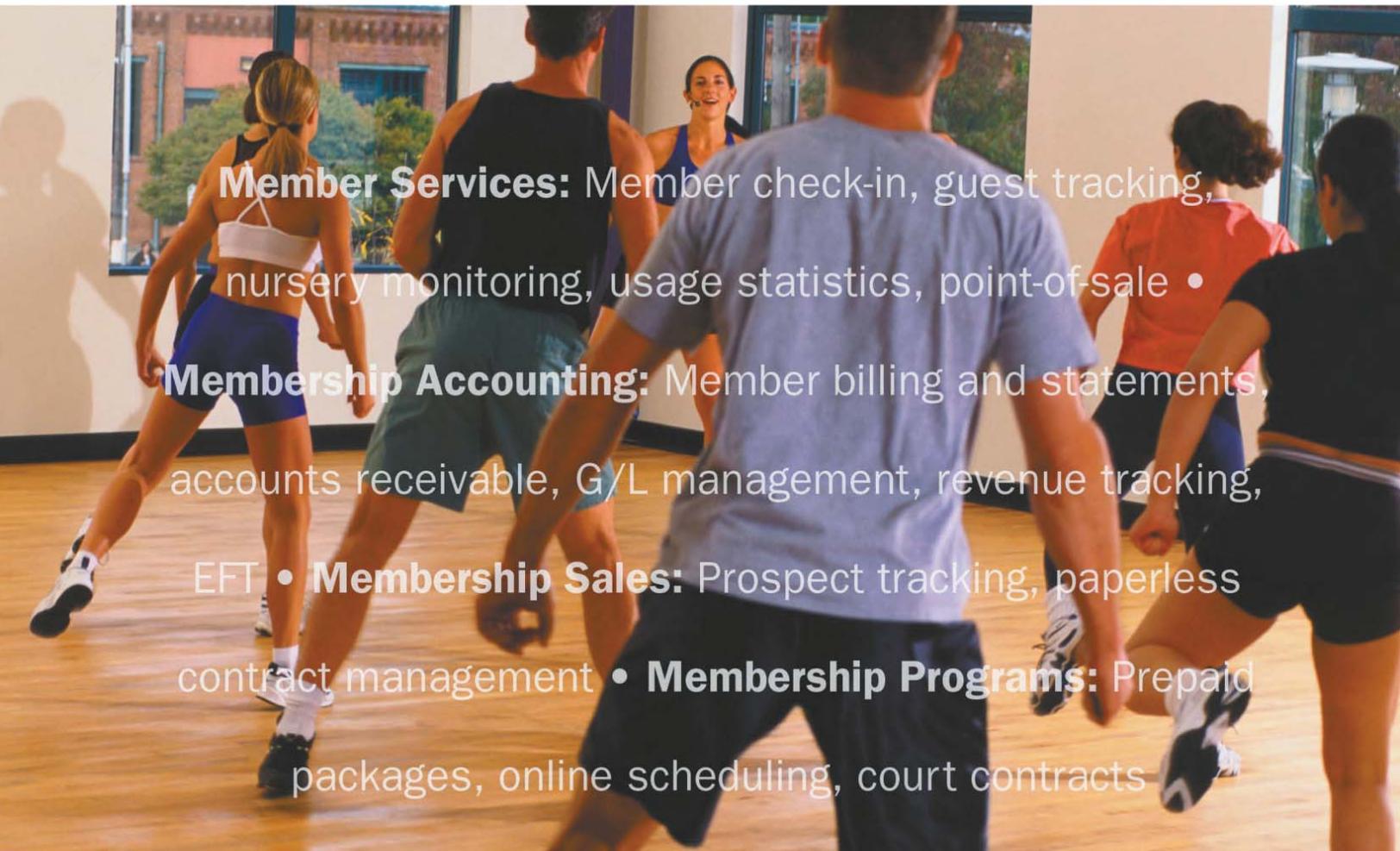


L to R: Cal Fit Team - Dana Rocco, Omar Mitchell, Steve Willis, Greg Rowe, Garry Johnson, Brandy Nolan, Brad Ballintine, Chet Dine.

Greg Rowe

A Great American Health Club Owner

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Norm Cates' **THE Club Insider** NEWS

GREG ROWE

A Great American Health Club Owner

By: Norm Cates, Jr.

They say that the opening paragraph of any article should 'capture' the reader's immediate attention and imagination. So, lets see if I can do that. This successful club case study cover story on Greg Rowe and California Fitness in Columbus, Ohio will provide you with a significant number of "tips" and "Insider" information. If you *study* and *apply* the tips and "Insider" info to your business you will definitely have the *opportunity* to increase YOUR club's annual profits. This case study will help *all* club operators. And, it will be very helpful if you are a multi-club operator or 'aspire' to be one. Does *that* get your attention? Do you *want* to *make more money* in YOUR club business? I am sure your answer is Yes. So, how about grabbing a pad and pen

and *spend the necessary time* to read and take notes on the vital information presented here. Then *GET OUT THERE* and *MAKE MORE PROFIT!*

Greg Rowe, was a founding partner of the legendary Ray Wilson's Family Fitness Centers (FFC) in Southern California during the 1980's and 90's. Family Fitness was formerly the world's largest private health club chain (72 clubs). The Family Fitness Centers were acquired by 24 Hour Fitness in 1995. Perfectly *prepared* and *positioned* by Ray Wilson for multi-area expansion, Rowe was offered a huge opportunity by Wilson: to move to Columbus, Ohio and 're-join' Wilson in a new partnership. Rowe had never even been to Columbus, Ohio before. But Rowe and his wife, Jill, decided to move their family of 5 to Columbus, Ohio five years ago

to *seize* this great opportunity. The *opportunity* Wilson had provided Rowe was to recreate the *winning formulas* and *new opportunities* that made their history making Family Fitness Centers chain so strong.

New Club-No Operator!

The first California Fitness Center in Columbus was originally developed in downtown Columbus, Ohio in a partnership between Packy and Ray Wilson. (Packy's Dad). Not long after that first CalFit club was launched Packy Wilson moved back to the West Coast for family reasons. This left Ray Wilson with a single health club with no operator thousands of miles away from his Carlsbad, California home.

A *single* club was *never* in the original plan created by (See **Greg Rowe** Page 12)



Greg Rowe and Family

New and Improved BTS Gets Your Business Moving

ATLANTA, Ga. -May 10th, 2005 Body Training Systems (BTS), provider of a comprehensive group fitness solution, announced today that it will now produce and distribute all new management, programming, training and marketing systems that specifically cater to the U.S. and Canadian health club markets. BTS' new and improved group fitness programs aim to improve clubs' profitability by attracting and retaining the de-

conditioned, new exerciser and baby boomer populations.

"Our goal has been to develop systems that enable our customers to service more members efficiently and to make more clubs successful," stated Rich Boggs, Chief Executive Officer of Body Training Systems. "Based on valuable feedback from club owners, management, instructors and participants, we knew we needed to develop programming and education

specifically for the U.S. and Canadian markets to maximize participation."

In order to reach its goal to make clubs more profitable, BTS hosts the 'Business of BTS' Management Seminars monthly

throughout North America in order to demonstrate to owners and managers the impact BTS group fitness can have on their clubs' profitability. Attendees work with BTS management to implement new ways to decrease

the cost to service members and increase referrals, retention and income.

Body Training Systems now provides clubs with targeted marketing materials and (See **BTS** Page 6)

24 Hour Deal Fit For Marketing

By: Eric Lai

The biggest upside of 24 Hour Fitness Worldwide Inc.'s \$1.6 billion buyout by New York financier, Teddy Forstmann, may be spelled: I-M-G.

That stands for International Management Group, the heavyweight Cleveland-based sports marketing firm bought by Forstmann, Little & Co. last September for \$750 million.

Founded in 1960 by the

late Mark McCormack, who signed golf legend Arnold Palmer on a handshake, IMG quickly became the leading agency for top golfers and tennis players. Clients include Tiger Woods, Annika Sorenstam, Serena and Venus Williams, Vijay Singh and Maria Sharapova.

But, IMG didn't stop there. IMG represents football players such as quarterbacks Peyton Manning and the Raiders' own Rich Gannon. It also

operates major tennis and golf tournaments, runs leading sports academies in Florida and broadcasts sports events. All contributed to the 2,200-employee firm's \$1.2 billion in revenue in 2003.

"It's one of the terrific upsides of this deal," said Rick Caro, a health club industry analyst and President of Management Vision Inc. in New York City. "IMG is the pre-eminent sports (See **24 Hour Fitness** Page 10)

Inside The Insider

- "Push Has Come To Shove"
- Because You Care!
- Chico's Challenge Motivates Employess to Get Active!
- Simple Sales Strategies That Always Work
- Norm's New "PERSONAL" Notes

•Norm's Notes•

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● **HELLO EVERYBODY!** This is your *friendly CLUB INSIDER Publisher for 11.5 years checking in for the 138th month in a row!* First, be sure to check out my *new Norm's PERSONAL Notes* on page #28 in this edition. The original version of this *Norm's "PERSONAL" Notes* was placed on our Website: www.clubinsidernews.com in early May. It was

way too long and too detailed. And, I went nuts with too much red ink! It was, as the saying goes, "More information than you needed." It may have been irritating and just down right crummy reading for you. I apologize if you did use your **valuable** time to read it all, especially if you have the same *dim view* of that writing that I do after going over it again. Oh well folks, just trying to stir up more **communication** between us! BUT, club owners, architects, equipment companies, consultants and many other vendors of all kinds will be able to learn about new competition that is coming and vendors can *beat their competition to the punch on new leads* by checking our Norm's PERSONAL Notes on our Website: *the first week of each month!*

tems splitting off from *Les Mills International (LMI)* was covered in our *April edition cover story*. Be sure to read the page #3 BTS article and the letter on our page #4 from satisfied and happy Body Training Systems client, **GORDON JOHNSON** owner of three Gold's Gym in Douglasville and Marietta, GA. What I've not covered in April or May are the 'down and dirty' things that LMI is doing to try to **conquer North America!**

● **24 Hour Fitness** is under contract to be acquired for **\$1.6 billion**, leaving the investors with what should be a tidy sum of **\$600 to \$700 million!** Another powerhouse company has joined our industry, as **Forstman Little & Company**, New York City investors are paying over a **9.5 multiple** for **24 Hour Fitness** clearly pulling away in the brand name race in America. About a year ago, **TRT Holdings, Inc.** Dallas, Texas, and owners of about **40 Omni**



Justin Cates and Norm Cates, Jr.

Hotels, acquired **Gold's Gym International**. Check out the article on our page #3 if you haven't already.

● **Bally Total Fitness leaders** are waiting for the revised financial statements to be released soon. They have also announced that they're putting **their Crunch Fitness brand on the auction block to reduce debt**. In the meantime, **CEO, PAUL TOBACK** and the **Bally Total Fitness Board of Directors** are dealing with the **LEE HILLMAN** matter in which they terminated Lee's severance agreement a few months back. Toback the Team have a multi-faceted comeback plan. But, here is something that you **may not know** if Bally Total Fitness clubs are not in your market. **Bally now offers a 30-Day Money Back Membership Guarantee** and a **MONTH-TO-MONTH Membership option** to their long-term-retail contract. How many of your clubs out there are doing both? The new **Guarantee and the Month-to-Month memberships** are clear evidence for all that they are moving their ship toward the **"IHRSA Mentality"** I have written about over the years. The Bally Board of Director has announced appointment of **MARILYN R. SEYMANN to the Board**. **DAVID C. WILHEIM** had also been named to the Bally Board, but resigned on May 15th due to a conflict of interests.

McCARTHY, "The Alliance Master" and his #2 man for years, **RICK DEVEREUX**, both announced their retirement. **Much speculation** is flying around by many about whom will be selected to **replace Big John**. *I have a challenge for my friends JOE "The Gladiator" MOORE, JULIE MAIN* and the entire **IHRSA Board of Directors**. **The challenge: "Think 'outside' the box right now."** This transition is a **once in a lifetime opportunity** for the Association. With IHRSA's 'opportunity' so have come some of the **greatest challenges** the Association has had in its **almost 25 years**. I am crafting an article for next month's June edition entitled: **'The Future of IHRSA.'** **IRSA**, the original acronym for **The International Racquet Sports Association**, was my friend, **RICK CARO'S idea** And, a great idea it was. It has become the **greatest industry idea ever** over the years! I was **honored** to serve as the Association's **1st President** and a Co-founder with Rick and others in 1980/81. Now, I have some **ideas that have been incubating for several years no**. *So I intend to share those ideas in our June issue in our Insider Speaks page.* The article will be important reading for **anybody** that really cares about IHRSA. And, there are a lot of us that really do care. **STAY TUNED!**

● **PAT LAUS'** owner of the gigantic **Atlantic Club** on 44 (See Norm's Notes Page 7)

Thank You

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...BTS

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resources that address the clubs' unique demographics, including materials designed specifically to attract participants under 30, 30-50 and 50+. As a result, clubs have the opportunity to get more people participating, enjoying and becoming long-term members.

BTS has created simple, fun and effective programs for

people of all ages and fitness levels. Body Training Systems' branded programs include:

Group Power™ - A barbell program that delivers results without the intimidation. Your Hour of Power!

Group Centergy™ - A 60-minute journey of yoga and Pilates movements to help you grow longer and leaner. Redefine yourself.

Group Kick™ - A creative, fun combination of

martial arts, boxing and kick-boxing. Bring it on!

Group Ride™ - An indoor cycling program designed to increase lower-body strength and endurance. Everyone finishes first!

Group Step™ - An achievable cardio step program.

Discover new heights!

BTS will soon be offering two more programs to the U.S. and Canada. Group Groove™, a dance-inspired program combining Latin, urban and club dance styles will be previewed at the BTS Summit in August and Group Blast™, a

high-energy cardio program, will be released in early 2006. In addition, BTS will begin testing in 2006 for Group Active™, a cardio, strength and flexibility program developed for the baby boomer or for first-time exercisers.



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Norm Cates'
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 NEWS

12 Years and Counting!

Established 1993

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Dear Fellow Gold's Gym Owners,

May 4, 2005

My purpose in writing this letter is to convey to you why my Gold's Gyms will stay solidly aligned with Body Training Systems.

Of our three gyms, the last two gyms we built are clearly differentiated from competition by group fitness. During the first quarter of this year, group fitness visits for these two gyms accounted for 58% of the total visits. My partners, my investors, my bank and I invested over \$4,500,000 in those two gyms. My staff invested their human capital and a significant part of their lives into these two gyms. Thanks to group fitness, the third gym was profitable within four months of opening in spite of an LA Fitness two miles away. We are soundly positioned based primarily upon group fitness. We also have an ADA for at least two more gyms. Without a sound group fitness program we could not move forward to develop our ADA.

Although BTS' Rich Boggs is my friend, I would not risk our investment and our jobs on a faulty business decision. My friendship and proximity to BTS gave me the opportunity to follow this business division between BTS and Les Mills as it unfolded. This story is clearly and accurately described in the latest issue of Club Insider.

I can appreciate the impact this sudden news had on everyone and some owners feel they should have been informed earlier. However, both BTS and LMI were under a court imposed silence order until May 1. That is why the disclosure packages from both companies arrived on May 2. Because I was under a confidentiality agreement I could reveal none of my knowledge until now.

My reasons for choosing BTS are simple.

Seven years ago, I did a full due diligence on BTS to determine if BTS was sustainable and would be worthy of my commitment to the BTS program. All the skills were present, but most importantly, was the presence of the trait of sound character. The character of Rich and his team were worthy of my trust and commitment.

Character is the number one reason I choose to stay with BTS. All else is subject to change. Only character is durable. Choose to believe only one quarter of the scurrilous actions of Les Mills as described in Club Insider and you define a person of little character. I choose not to build my business with a person or company that I do not respect.

Over the years, BTS has furnished the management and instructor training, provided the marketing materials, developed and managed the assessment system, policed the licensees and kept the highest of standards. BTS understands our U. S. market and is clearly focused on the independent club owner. BTS refuses to sell to the chains. BTS having only 4% of the market is clearly an asset to my business.

Les Mills furnished the programs. Les Mills wants quantity and will sell to the chains who will, as has been their past practice, compromise the product and lower the quality standards. I do not want to have Body Pump in my gyms if LA Fitness has Body Pump. We would then share the discredit LA Fitness (our main competitor) will bring to Body Pump. Les Mills has refused to take offensive songs out of the line up and has made the movements more difficult for the member. As a foot note, for those who are considering Les Mills, I recommend you study paragraphs 19 and 27 of their license agreement.

In talking with other owners, I repeatedly hear the question of why is BTS doing this to clubs after many have invested heavily in the systems promoted by BTS. For the record, from personal knowledge, LMI cancelled BTS for not selling enough licenses and refused numerous attempts by BTS to negotiate a settlement that would have prevented what is now happening. BTS chose to produce the programs rather than capitulate their business to the New Zealanders who attempted to ruthlessly grab the fruits of BTS's work with no compensation. I am satisfied the New and Improved BTS programs are better than the current Les Mills programs.

I've attached the testimony of some of our instructors who participated in the filming of the first release. I've also attached the testimony of our three General Managers with respect to their judgment. These testimonies are from the head and the heart and you'll feel the experience as well as add to your fact base.

In the short term there will be hurdles. In the long run we will be vastly improved. We choose character and best practices. We choose BTS.

Gordon Johnson
 General Partner
 Gold's Gyms of Douglasville, Douglasville South and West Cobb

...Norm's Notes

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acres near the South Jersey Shore has installed the first **Technogym Kinesis and Kinesis - Junior Centers in the U.S.A.** I am looking forward to trying a Kinesis workout when I visit Pat and her great team in June. **STAYTUNED.**

●**The new 123 Fit Centers** is a product created by two **Quiznos Franchise Superstarts, RICK SCHADEN and BROOKSY SMITH.** They made a deal with Ray Wilson and his partner, **JOE OCHOA,** that employs **Ray Wilson's Healthy Exercise** concept and taps into his vast 56+ years in the business. They will open their first location in Houston, Texas this month.

●**Club Industry East** is convening in the **'Big-Apple' June 8, 9 and 10th.** Hope to see you there! Check out the Club Industry East ad on our page #29.

●**CORRECTION and APO-LOGY:** In the **Body Training Systems**

cover story article in our April edition I incorrectly identified BTS Medical Advisory Board Member, **MS. ENA SORENSEN,** as holding PhD. credentials. In fact, she does not have a PhD., but instead, holds a BSc in Kinesiology and a BSc in Engineerig. We apologize for our error.

●**LifeTime Fitness,** the resident 900-pound Gorilla in our industry founded by **BAHRAM AKRADI** and taken public last year continues to roll and expand. Recently, it was announced that the newly public company had arranged a \$200 million five-year revolving credit facility with **U.S. Bank, N.A.** serving as the lead arranger and **JP Morgan Chase Bank, N.A.** serving as the lead syndication agent for a group of eight banks.

●**MIKE GRUNDAHL** is the **Founder and CEO of Planet Fitness.** Today I received an emailed letter from him that I thought was really very interesting. In his email he objected to my writing in

(See Norm's Notes Page 8)

Letter To The Editor:

Dear Norm,

After just having read your article on the "Low Cost Clubs," a follow-up to Scudder's, "Here Come the Low Priced Clubs," I have some questions and points as follows:

1. "I Am Not Taking Sides Here!" You are not telling it straight your tone is very lop-sided!

2. The PF model brings in the "vast unwashed" is the reason the fitness industry (IHRSA, so-called experts) has never been able to tap beyond 10-13% of the population. Your remark is ignorant and represents the "nose up in the air" aura that the "result oriented" clubs propose to prospective members. Our industry is not about the fit getting fitter.

3. I don't "boast" we have 7-8,000 members, we just do!

4. "Strip away the services: sales staff." As far as a sales staff is concerned our position is that if you do not know working out should be part of your lifestyle and need to be sold on fitness, we don't want you.

5. "Drop the well established and respected World Gym." What the heck is remarkable about them? The name is all their franchises have in common.

6. "Compared to the demographics of his New Hampshire based clubs." That alone should prove the strength of our business model. Planet Fitness has achieved and continues to achieve huge numbers where there are low demographics. The implication is that we are not "time tested." August 1992 is when we started!

7. "There is no room for error in the Planet Fitness model." You can take 2000 members from any club PF owns and we can still pay our bills. How many of your readers can say that?

8. Crowds, of course we have crowds. As a matter of fact I personally wouldn't be caught dead working out at a Planet Fitness between the hours of 5pm-7pm, Monday thru Wednesday. But then again, I wouldn't live in New York City either but I believe some people do and actually enjoy it.

9. 7-8,000 members are "easily achieved in his organization. BULL, having 7-8,000 members is very difficult to achieve. It takes sound management, well trained employees, sound demographics and excellent marketing.

10. And, this last one makes me REAL MAD! "Success may not translate as well as is being represented by the franchise seller." I want to go on the record as saying I don't care if I ever sell another franchise! Planet Fitness franchise can stop tomorrow and my life will not change. We make money running clubs not selling franchises (unlike most franchises). You may think, "Is he full of it?" Well, maybe I am, but the reason we sell franchises is because it is the right thing to do. Why? Because 80% of the population does not belong to clubs and without some one like us they probably never would!

In closing we may not be "time tested" but the real question your readers should be asking is "How much did the first computer cost?"

Sincerely
 Michael Grondahl
 Planet Fitness

P.S. - We could do just as well with our model at \$39 per month

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...Norm's Notes

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our April "Low Cost Clubs"-Counterpoint article in which I interviewed five Northeast club operators about how the arrival of Planet Fitness and other "Low Cost Clubs" were impacting their business. I just love feedback, even hostile feedback that I received from the very bright, but obviously pissed off Mike Grundahl. He'll get over it. So that all of you can better understand the "Insider" story on Planet Fitness, Mike's LETTER TO THE EDITOR appears below on this page. I WELCOME your response to Mike's letter. And, I will respond in my June website "PERSONAL" Notes and in June in print as well.

•Hats off to PAMELA KUFUHL the relatively new Editor of Club Industry's Fitness Business Pro Magazine for her concise report on the Certification debate currently going on in the industry in their May issue. She did something I have yet to try and that is to write about that subject. There are so many plays coming from so many

directions that I still have a lot of research to do before I can comment. Pamela's article will help.

•Best wishes for success to BOOKIE and DONNA SHILLCUTT as they have opened a new Liberty Fitness women's only health club that is one of 3 Atlanta area franchises now. STORMY WHITE is the Manager and Personal Trainer of the new facility. Liberty Fitness offers a quick 30-minute circuit workout with Liberty Fitness specially designed for women-only branded hydraulic machines. Shown on the first page of the four color Liberty Fitness brochure is the Founder LIBERTY HARPER. For info go to: www.libertyfitness.com

•MARK SMITH and BOB GIARDINA continue to roll in the Northeast with Town Sports International recently announcing ongoing success for the 138 owned and two-part owned and operate clubs. Town Sports Clubs enjoy a huge market share in New York City, Boston, Washington, D.C. and Philadelphia, serving 398,000

members up by 3.5% since the New Year, according to figures released by CFO, RICHARD PYLE. Growth through bond issuance has also grown the firm's interest obligations, but this 1st Q results show adjusted EBITDA increased \$2.4 million or 13.9% to \$20.0 million. See YA'LL in New York City at CLUB INDUSTRY EAST June 8-10th.

•JERRY NOYCE the high achieving CEO of Health Fitness Corporation, operators of 400 corporate, hospital and university fitness centers, has named MICHAEL J. ZDYCHNEC, as its new Vice President of Marketing.

•This is the end of the line for this month's NORM'S NOTES. But, I knew my new Norm's 'PERSONAL' Notes would come in handy as I have a bunch of other news that didn't make this PRINT deadline for this edition, but will be online by the first week in June, 2005. So, watch the website: www.clubinsidernews.com for more NEWS!

•GOD BLESS our Troops, Airmen and Seamen as they serve our country and risk their lives for us in Iraq and other

places around the world. GOD BLESS the families of our Servicemen and women as those families must make huge sacrifices as well. GOD BLESS the people of Iraq as they try to

survive the ongoing bombings and murders of the insurgents. GOD BLESS ALL OF YOU! And, GOD BLESS AMERICA!

STAYTUNED!



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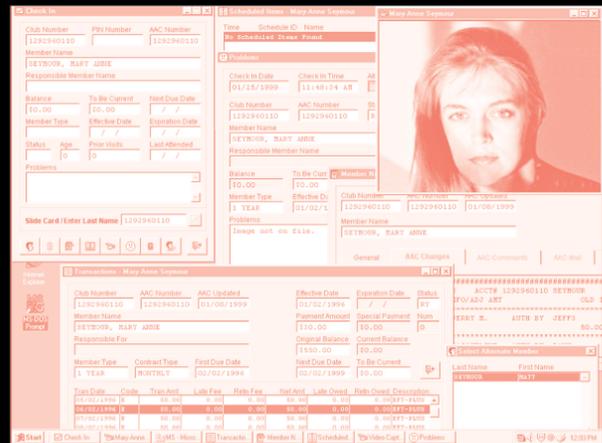
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...24 Hour Fitness

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marketing company in the country.”

“If there is anything that the health club industry has lacked, it is the ability to create benefits for its members through strategic alliances (with a firm like IMG),” he said.

Such benefits, said Caro, could include offering discounts to IMG training academies for 24 Hour Fitness members or their children that aspire to playing college or pro sports. IMG also could market 24 Hour Fitness clubs at its tennis and golf tournaments or offer them discounted advertising space on its television broadcasts.

Most notably, IMG’s immense stable of client athletes, and through IMG’s modeling agency, such supermodels as Heidi Klum and Tyra Banks, could provide 24 Hour Fitness a ready pool of celebrity endorsers and partners.

24 Hour Fitness, with 3 million members at 336 clubs in 16 states along with 15 clubs in four Asian countries, already has built clubs co-branded with jocks such as Magic Johnson, Shaquille O’Neal, Andre Agassi, and most recently, Lance Armstrong, who ended up taking a small stake in two Texas clubs.

Whether celebrity co-branded clubs will be a long-term trend remains to be seen, said Caro, who notes that the restaurant equivalent, Planet Hollywood,

crashed and burned despite extensive promotions from action movie stars and co-owners such as Sylvester Stallone and Bruce Willis.

And, in a May 3rd conference call after the merger was announced, both Mastrov and Forstmann said it was too early to talk in detail about partnerships that might arise between 24 Hour Fitness and IMG.

What Mastrov, 47, was willing to talk about is how the deal with Forstmann, the buyout expert whose résumé includes turning around then-troubled firms such as Gulfstream Aerospace Corp., Dr. Pepper and General Instrument Corp., among others, will enable 24 Hour Fitness to more easily raise money in order to propel 24 Hour’s anticipated growth rate of 35 to 40 new clubs per year. “That’s a nice pace that the team can handle,” he said.

Asset: Forstmann himself

Another plus to the 24 Hour deal is Forstmann himself. The legendary 65-year old financier, who has an estimated net worth of more than \$700 million, popularized the leveraged buyout technique in the 1980’s as a way to raise money to buy and turn around troubled companies and then sell them for a profit.

Forstmann’s funds regularly returned 55 percent annually to investors, though his résumé was tarnished recently after bad

investments in telecom firms resulted in \$2 billion of losses and shareholder lawsuits.

Forstmann promised to help introduce 24 Hour and Mastrov to potential business partners and athletes. “There will be times when Mark wants to meet someone,” said Forstmann, who counts Armstrong and Singh, as good friends. “Chances are that we will be able to facilitate that.”

Otherwise, he said he plans to stay pretty much out of the way. “Sometimes companies need quite a bit of help,” he said. “But these guys are very good. They don’t need help. I’m really here to function like a partner. Mark is the guy here.”

Forstmann will finance the transaction with more than \$900 million from its equity and subordinated debt funds with the rest through loans.

Some analysts were cautious, nevertheless. Twenty four hours after the deal was announced, Standard & Poor’s lowered its corporate credit rating on 24 Hour Fitness to a B- from a B+.

While acknowledging that 24 Hour Fitness has “experienced healthy growth,” S&P analyst Andy Liu wrote in a May 4 note “the transaction could increase 24 Hour Fitness’ debt leverage and pressure cash flow through higher interest expense.”

Few changes at 24 Hour

24 Hour Fitness will keep

its headquarters in San Ramon, CA. No executive changes or layoffs among its 17,000 employees are planned, either. Rates for members, who stay on average 44 months, will not change.

An Oakland native who was raised in Castro Valley, Mastrov was working part-time at a San Leandro gym in 1983 when, funded by a \$15,000 loan from his grandmother, he and some partners bought the club.

24 Hour Fitness re-mained an East Bay chain of 32 clubs until 1994, when it took the first chunk of what would eventually grow to \$500 million in investment from Menlo Park venture capital firm, McCown DeLeeuw & Co. That helped 24 Hour grow from \$50 million in revenues that year to \$1.1 billion last year, pulling it ahead of longtime leader, Bally Total Fitness Holding Corp.

“He’s one of the best leaders in the club industry who has aligned himself with some very solid talent,” Caro said.

Publicly traded Bally has more clubs and, at 4 million, more members than 24 Hour. But it has been troubled by accounting problems and is rumored to be a buyout target. Experts such as Caro believe Bally’s likely will sell some clubs to solve its fiscal woes.

Smaller Clubs for the Time-Pressed

The number of health

clubs grew last year by 14 percent, reaching 26,830 clubs nationwide. Membership, which stands at 41.3 million, is growing more slowly, up 5 percent from the previous year, according to data from the International Health, Racquet and Sportsclub Association. The fastest growth is among those under 18 and Baby Boomers over age 55.

In recent years, 24 Hour Fitness has concentrated on building “big box” clubs that range from 40,000 to 70,000 square feet and feature amenities such as basketball courts and swimming pools.

But, Mastrov said he plans to increase the percentage of “express clubs” - 10,000-to-15,000-square-foot facilities that are closer to home for time-pressed customers and allow them to fit in a workout in just half an hour.

That is a tacit acknowledgment of the huge impact that Curves, the fast-growing franchise chain of women’s health clubs, has had.

24 Hour will consider buying existing independent or regional clubs. But it is unlikely to franchise its clubs for faster growth, as rivals Gold’s Gym and Curves have done, Mastrov said.

“We’re staying within ourselves,” he said. “We have no grandiose plans to spread all over the place.”



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David Patchell-Evans, President and Founder GoodLife Fitness Clubs, Canada

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...Greg Rowe

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Ray and Packy Wilson. That is just *not* Ray Wilson's method of operation. Columbus, Ohio is a *great area demographically* and was somewhat 'underserved' five years ago. So, Ray Wilson decided to give Greg Rowe, formerly a 'top-gun' with his Family Fitness Centers in Southern California, the opportunity of a lifetime. Ray and Packy Wilson had originally planned to develop CalFit into a dominant club chain in the Columbus, Ohio market and a "hub" for further CalFit growth. Rowe, 'pinch-hitting' for the departed Packy Wilson, has done just that in five 'fast-moving' years. Starting with the downtown CalFit club in Columbus, Rowe and his Team have now grown CalFit to *dominate* the Columbus market. The 8-club CalFit chain will now also serve as a secure 'hub' for East coast expansion. It would not surprise this Author at all if Wilson's and Rowe's master plan includes rapid, aggressive, 'California style' expansion East of the Ohio.

Greg Rowe has *grown* CalFit to 8 locations *strategically placed* in a perimeter around Columbus and *many more* are on the way as the constantly in motion, super-energized Rowe also has *11 new clubs* in the 'pipeline'. They include 2 new Sport (big-box-multisport) and 4 'CalFit Express' clubs. This pipeline of new product development strongly resembles Wilson's amazing Family Fitness Centers growth in the 1980's. Importantly, Rowe has built a solid relationship within the community and with developers that potentially will provide nation-wide opportunities for the Cal Fit brand.

Greg Rowe is an *amazing detail* guy. He leaves *nothing* in his club business to chance. Rowe, in a short period of time, has assembled, built and extensively equipped an amazing club product line and brand name. Additionally and very importantly, following years of mentorship by Ray Wilson, Rowe has assembled and developed an exemplary 'CalFit Team of Managing Partners'. Contained within this case study is an *illuminating, in-depth* interview with Greg Rowe and very brief interviews with five key CalFit leaders: Brandy Nolan, Brad Ballintine, Jon Mayle, Omar Mitchell and Dana Rocco.

'Insider' Information From This Article Will Increase Your Profits!

Why does CLUB INSIDER publish *in-depth, successful club case-studies club as cover stories almost every month of the year?* After 11.5 years of publication and 138 months of producing such reports, we *firmly believe* in our case studies as excellent educational models for health club owners/operators striving to improve and grow their club business. Expanding their base of health club industry knowledge is exactly how the greats in this industry became



Ray Wilson

great. These case studies *dig in deep* and give you the 'Insider' story on what makes great club owner/operators 'tick'. As a former veteran club developer, owner and operator of over 14 clubs in the Atlanta and the Southeast over a period of 20 years (70's, 80's and 90's), this Author can *honestly* state, "I wish somebody was producing something as helpful as CLUB INSIDER during my club owner/operator years." If read, studied and incorporated into your operations, the tips and 'Insider' information presented here will help you make more profit in your club(s).

California Fitness Excellent Staff, Member Services, Facilities and Equipment

If you ever travel to Central, Ohio, you should visit Greg Rowe's and Ray Wilson's California Fitness Centers in Columbus. The reason is that the photos with this article or shown on the www.calfit.net website do not give you the full *picture* of why California Fitness now serves 40,000 members in Ohio. Details, details, details... the word *details* describes why Rowe and

Wilson's clubs are as excellent as they are. Rowe is *very careful* to be sure to provide the best possible "service minded" staff, club facility and equipment lines to his members. Rowe uses 21st century health club procedures for sales and marketing, including month-to-month memberships with *no long-term contract required*. Rowe is following the teaching of Ray Wilson, who years ago became the first leader in the health club chain business to *begin offering month-to-month memberships* in his Family Fitness chain in Southern California.

Ray Wilson Shares His Thoughts On Greg Rowe and California Fitness

There are some people in our industry that clearly are ascending to *legendary status*. And, there are many in our industry that I describe already as *legendary*. But, there is *only one Ray Wilson*, the legendary health club industry veteran of 56 years and Greg Rowe's partner in California Fitness. *Greg Rowe* is *very fortunate* to have been mentored and essentially raised in the industry by Ray Wilson. However, it is clear that the legendary icon, Ray Wilson is *also* fortunate to have had a man of the caliber of Greg Rowe to step in when Packy Wilson decided to move back to the West coast.

We contacted Ray Wilson, a veteran of *six, yes, count-em, six decades* of health club industry experience split into what Wilson describes as his '*six phases*.' Those phases included the huge contribution by Ray Wilson and Augie Nieto of bringing the Lifecycle to the fitness world and Wilson's amazing 72-club Family Fitness Center chain in Southern California that he sold to 24 Hour Fitness in 1995. Wilson's sixth phase was his development of 'Ray Wilson's Healthy Exercise Centers'. Recently, Wilson entered into a deal with two top officials of Quiznos Subs to develop his concept into a new franchise program call '123 Fit' and roll it out nationwide with the first facility slated to open this month (May) in Houston.

Ray Wilson had this to say about his partner, Greg Rowe: "Greg Rowe was one of my partners in Family Fitness Centers (FFC) in Southern California. Greg was the first FFC Counselor in Orange County/L.A. Area to receive a "Million



Greg Rowe

Dollar Ring" for achieving one million in personal membership sales. (And, this was back when we were pioneering in Orange County/L.A. and had a very small ad budget. So, the sales did not come easy!) In FFC, one of our *most important motivational tools* was our 'Summer Contests'. These contests turned the *normally slow Summer months* into *three of our best months*. August, the final month of the 'Summer Contests', became as *strong as January*. The Family Fitness clubs that *Greg Rowe supervised won over half of these 'Summer Contests'*. Greg has become one of the *best partners that I have ever had*. In my opinion, he is one of the *top fitness club operators in the world*. People in the health club industry are usually good at *either sales or good at administration*, but they usually are *not good at both*. Once in a while an unusually talented person is *good at both*. Greg Rowe is one of these very talented, unusual people. Our California Fitness Centers company, under Greg's leadership, has become one of the *greatest companies that I've ever been involved with*. Greg is *excellent in both sales success and administration*. I also taught Greg the 'art' of *lease negotiations*. Greg learned so well that he has obtained leases in Columbus that are *better than any leases that I ever negotiated*. The student is now *better than the teacher!* Columbus, Ohio is a great central location for expansion. Years ago, I started my first successful company there, European Health Spas. European grew to be a national company and it was the first

national company in the fitness industry to be *sold for millions of dollars*. With Greg Rowe heading our California Fitness Centers and all of the great key people on his Team, I am seeing and I expect to continue to see, similar, *extremely profitable results* comparable to that of our European Health Spas and Family Fitness Centers. *I predict that California Fitness will become one of the premier fitness center companies in the world.*"

Very 'Service-Minded' CalFit Leader's Thinking

The pleasure of interviewing Brandy Nolan, Brad Ballintine, Jon Mayle, Dana Rocco and Omar Mitchell five of Greg Rowe's top management team, was all mine. Here's what they had to say. We asked 5 questions of each key CalFit person. Those questions were: 1) **Why** are you in the health club industry? 2) **What** are the key elements of your working relationship with Greg Rowe that moves you most to greater success? 3) **What** are your greatest challenges as a CalFit Team leader? 4) **When** you must "do the right thing" with respect to management and discipline of your people, do you sometimes find it tough to deal with employees that 'stray' away from standing company policy? If so, how do you go about the process of dealing with an employee that is stepping out of bounds? 5) **What** personal values of your own impact your performance in the health club business? These are the questions and the responses follow.

The interviews chro-
(See Greg Rowe Page 14)

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...Greg Rowe

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niced below with these key people provide a 'true Insider' look at the 'corporate culture' of Greg Rowe's and Ray Wilson's California Fitness Centers rapidly growing club chain. I also believe, after getting to know Ray Wilson pretty well over the past 25 years, that what Greg Rowe actually has done is *successfully transfer and transport his learning and experience from his mentor, Ray Wilson and the Family Fitness Center chain in Southern California* to sometimes cold and dreary Columbus, Ohio. In addition to using the mentorship of Ray Wilson in all areas, Greg Rowe has added his own personal style and drive to the mix and now is emerging as one of America's greatest club developers, owners and operators. Read these interviews below and in *italics* you will see *key tips* to employee relationships and management that you may consider and possibly use in your own club operation(s). Trust me.....there is a *health club industry treasure contained in the interviews here with Greg Rowe and these 5 key California Fitness leaders*. The detailed, in-depth interview with the man, Greg Rowe is really interesting. I hope you will really digest this report. Here are the responses by the CalFit leaders to each of the above questions with each answer labeled like this: **A-1)**

Brandy Nolan Newest District Manager

Brandy Nolan is Greg Rowe's newest District Manager. 'Nolan', as she is called by Greg Rowe and her CalFit Teammates, graduated from Colorado State University. While at CSU she was a cheerleader and competed on a national level in the sport. Nolan believes that competitive cheerleading helped her learn a lot of her leadership and teamwork skills. She enjoys working with athletes because they are 'coachable'. Also, she believes that because her Dad is a football coach she has learned a lot of her leadership skills from him. Nolan now manages and oversees two out of the eight CalFit Clubs. She is in line to add more CalFit Clubs to her realm of responsibility as Greg Rowe rapidly brings new club projects on line. Here are Nolan's comments:

A-1) "I am in the health club industry because working

out and eating properly was part of my everyday life growing up, in high-school and in college. I felt that this was just *second nature* to me. So, why not do something that I *know* and *love*?"

A-2) The fact that his company is massively expanding and is growing so fast and I get to be a part of it makes me feel extremely happy and motivated. Greg Rowe cares very much that I succeed. He will not let me fail. In doing that he shows up all the time and Greg 'inspects what he expects.' I do the same for my crew. I think that having Greg as my mentor has lead to my success. (Author's note: Nolan is one of 6 females in CalFit's well balanced management team.) The working relationship I have with Greg is built upon respect and it's also built on 'awe'. I am in 'awe' of what he does. Do you remember that phrase, 'You want to be like Mike?' For all of us its almost, 'You want to be like Greg Rowe?' I challenge myself *day-to-day* to be as good as Greg is! I listen carefully and I read everything that Greg gives me. I am constantly trying to be as 'good as I can be'. Being in 'awe' of him has *built this great respect and desire* to do as well as I can to be like him. Greg is very open to our new ideas. But, one thing that is a part of him, he listens very openly and then he kind of plays the 'devil's advocate' and he tries to *come up with all the areas that could possibly go wrong before we even start*. Greg is very methodical about things!



Brandy Nolan

That is *WHY* the organization is doing as well as it is. He knows every detail of this club back and forth!

A-3) I don't have *extreme* challenges because Greg makes it so easy to do things in a way to avoid them. The biggest challenge I have is *motivating other employees who don't have the level of focus, motivation and*



CalFit Polaris

'get-up-and-go' that I have. Usually, if I start at the very beginning when they are hired, I don't have major challenges.

A-4) First, at the very beginning, I lay out what I expect. I explain that I *will hold them accountable*. This sounds crazy, but I hold them accountable... *each minute...* of the day, so they don't start doing something else and stray out of line. That way I catch it before they start off in the wrong direction. A lot of times they don't stray after that. If something out of the ordinary does happen, my biggest thing (and I learned this in sales) is that I try to *listen first, find the objection or what is wrong and then solve it. And, we solve it together.* Processes like I employ can save everybody a lot of trouble. But, I *really, really want the staff members to be happy in the environment. I want them to come to a place where they feel good about themselves and where they like their work.* That's what I try to instill in them. I try to be as *positive as possible.* But, I definitely am *constantly making sure they follow procedures* so that they *never* stray. If something minor does happen, I stop them right there. I show them the *right way.* I want to make sure they know right off the bat!

A-5) The first one is that I have a *very strong work ethic. I actually LIKE TO WORK!* I like to get up in the morning and do my work. I actually enjoy long hours. I don't mind coming to work. I'm *always on time,* but I try to be *early* all the time. That is a *huge value* for me. I like to actually *BE HAPPY.* Even if I have something going on at home, *no one in the club knows it. I like to smile. I like for people, members and employees, to be happy around me! I really enjoy and I love my work!"*

Brad Ballintine Regional Director

One of the first jobs

Brad Ballintine, age 27, ever had in his life was working in a Gold's Gym at age 13. His job was to keep the workout floor organized and the lockerrooms clean and tidy. Brad graduated from the University of Pittsburgh in 2000 and within six months, at age 22, took a job working for the California Fitness Centers chain in Columbus, Ohio. Brad now is going on six years with CalFit and he is now a District Director, supervising five of the eight CalFit club managers. Here are Brad's comments:

A-1) I am in the health club industry for a couple of primary reasons: 1) because it is fun. 2) because we have a good, positive impact on people and we "change lives."

A-2) Greg and I have a relationship where we try to 'build things' on a daily basis. Everytime Greg or I go into a club and meet with an employee(s), it's a *building process.* We try to *build relationships* with our employees and our members.

Greg is *constantly trying to build me and mold me to become better* at what I do. That's why my *hat is off to Greg for sure!* With Greg's *work ethic, amazing tenacity and great leadership,* Greg is just *unstoppable!* I have the *utmost respect* for what he has done in this industry and for what he *continues to do.* It's unbelievable. It's *made our relationship real positive.* Building, growing...everything very positive. It's really cool! Greg hired me as a 'pup' right out



Brad Ballintine

of college.

A-3) Running multiple clubs is a big job. I try to *pick and choose my battles* on a daily basis. My greatest challenge is *to do the most important things on a daily basis and try not to do everything. It is basically about time management.*

A-4) It's tough. You've got to have the *accountability measure* with the employees you supervise. The staff *must understand* that they *must be accountable for their actions.* You must deal with them in a *positive manner* and when you must confront a staff member who has violated company policy he must understand that it is *not intended to be his demise.* But instead, to *build him up* and to *make sure* that he knows that *accountability is important.* He *must be taught* that if he is *not accountable* it will *hurt his job performance and his life.*

A-5) Just like Greg, I try to have a *good work ethic and I lead by example. I try to be the first to arrive and the last to leave.* If I ask them to get 10 referral names from members on the workout floor, I had better be able to do that too. As a leader, I don't want my people to think that *I will ask them to do anything that I won't do too.*

Jon Mayle Regional Personal Training Manager

Jon Mayle is a former Rugby player at Ohio State University. He holds a P.T. Certification from ISSA. He is also Apex Certified. Since college he has worked in 3 other clubs before joining Greg Rowe's CalFit. He supervises over 80 personal trainers in the 8 CalFit Clubs. Personal Training and the Apex Program offered by CalFit generates approximate \$170,000 a month for all 8 clubs on average, contributing close to \$2 million per year to CalFit's revenue stream. Jon directly supervises (See Greg Rowe Page 16)

What's the power of a new idea worth to you?

To paraphrase an old classic, we are in the worst of times and the best of times in the fitness business. Getting new memberships is harder, new clubs are opening faster than new members are joining, staffing is a nightmare on even the good days, and the chains seem to be on a mad track to do as much damage as they can to the fitness business in general and to the independent operator.

We are also at one of the great turning points in the history of the fitness business. The pendulum is swinging in our direction as the consumer finally is getting what the fitness industry can offer. Just like the turning point for smoking a few years back, the consumer is seeing that fitness is real, needed and articles talking about everything from low carbs to Pilates are in every magazine and newspaper in the country.

Before we can reap the benefits from a more aware and sophisticated consumer the industry itself has to change. In the next few years in the fitness business there will be a correction. Some clubs will thrive during these changing times and others will fail unable to compete or take advantage of the newer markets.

What will separate those that make it from those that don't could be as simple as a few new ideas for your business. A single but powerful idea, such as a new way to market, more efficient sales, a key staffing tip or simply a different way to niche your business, could be what separates you from the clubs that will struggle.

The amazing thing about the fitness business is that anyone can be beat. You can learn to compete against any competitor by getting a fresh look at your business and how you run it each day. And any fitness business can make more money and improve. Remember that just because you were successful in the past does not mean that success will continue in the future without a new idea to power the change to need to make.

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The power to make money in the fitness business

...Greg Rowe

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two District Managers, Jason Miller and Kevin Maag. In turn, the District Managers Miller and Maag supervise Greg Jasnaskowski, Phil Hile, Casey Imhoff, Tracy Shaver, Randy Bickam and Dinos Angelas. Here is Jon Mayle's interview:



Jon Mayle

members and the staff.

A-1) "I am in the health club industry following up on my college days when I played rugby. I was always active during my high school and college years. I realize that people are always going to need physical fitness. I also realize that fitness is not just a fad that people are going through. I love working with people and I like to help motivate them to achieve their goals. As fitness professionals with CalFit, we have great job security as we are always expanding. I love what I am doing.

A-2) First and foremost, Greg and I both agree that members deserve 'super-service' in their club. 'Super-service' helps us retain members in the club and helps us attract prospective members to come and see what CalFit is all about. Greg and I feel the same way and that is that 'super-service' is the whole key to the club industry. Together we look for new ideas that will produce 'shock and awe' from members because of the great service they always receive here. We're always looking for new ideas to inform and involve members in club activities to keep things new, energized and to keep the members 'pumped-up' in the clubs. New classes, Member Appreciation Parties and new things like our implementation of the terrific new Visual Fitness Planner program. We always keep our clubs 'exciting' and 'blasting-off' into the fitness future! Another important area is the implementation of our systems in the clubs. I think systems are very important for a club's success. When we install a new system, we learn by trial and error, what actually works and what does not work. If a new system fails, we get rid of it and try something different. Greg is always open to new ideas. He comes up with new ideas and so do we. Greg is 'our guru'. He's a seasoned veteran and we all trust him. We all try to play the 'devil's advocate' with each other about new ideas until we come up with something that we agree will work for both the

A-3) I would say the greatest challenge is finding new ways to keep the employees motivated. We work long hours. We want to make sure the staff is enthusiastic no matter what mood they are in or what is going on in their personal lives. A lot of members see that enthusiasm or the lack of it. What we're doing is building the next generation of club employees. We are always looking for people who are knowledgeable, self-motivators and who have the capability of motivating others along with themselves. The biggest challenge we have is keeping employees motivated and hopping!

A-4) I don't find it tough. If you sit down with the employee and you both discuss how and why policies are set it usually goes pretty smoothly. I like to use such terms as 'I understand and I see your point'. The employee is much more apt to listen to you and comply with the company policy if we treat him like an adult. Instead of just saying to him 'We have to do it, it doesn't matter why', and I just listen to him and get his ideas of why he didn't adhere to the policy. I ask what he thinks of it. I then educate him about why the policy exists, I review what proper company procedure is and how he can go about complying with it. I just try to talk to him like an intelligent person. I don't try to 'kill-them-with-kindness'.

A-5) For me, physical fitness is a 'way-of-life.' With knowledge, hard work and perseverance, anything can be achieved or accomplished with great success. You can use this principle in a business sense or for your exercise goals or anything in life. There are many studies that show that people who are working out and are in good shape are also keeping their minds healthy. They usually are more successful in business and

in their personal lives if they exercise regularly."

Omar Mitchell
CalFit Partner
and Director of Education

A-1) It's very simple; there is no other industry in the world were I can help so many people and enjoy what I do at the same time.

A-2) It is Greg's obsession and drive to build this company that moves me the most. He is not a leader that sits back and tells people what to do; he is one who leads by example. On multiple occasions I have had the chance to see what he does first hand and it is always an eye-opening experience. It is always motivating to know that we have a leader who is working as hard, if not harder, than us and we are going to succeed.

A-3) The greatest



CalFit Polaris Workout Floor

challenge is the balance that I must keep between my family and my career. It is very easy to be consumed by this industry, especially if you are passionate about it. Time management is a high priority in my life; the more

productive that I can be at work the more time I can spend with my family.

A-4) In many ways employees can be like children and disciplin them can some- (See Greg Rowe Page 18)

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...Greg Rowe

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times be tough. But just like dealing with a child you cannot reward or ignore bad behavior. If an employee is not following company policy, this must be corrected. Greg has always told me that if there are no consequences for breaking the rules, then all rules really are is advice.

A-5) The personal value that impacts my performance the most is that I lead by example. I will never ask an employee to complete a task that I will never do myself. You must have self-discipline before you can give discipline. I also feel that I am a very honest person. In this industry, just like any other industry that you work with people, your character will always come out. People know if you are just trying to hustle them or if you are genuinely sincere about helping them.

Dana Rocco
CalFit Downtown
Managing Director

A-1) "It's in my blood!" I really enjoy the excitement people get when they achieve the results they were looking for in fitness. It is rewarding and exciting to see and be a part of the growth of the industry.

A-2) Communication and knowledge. Greg is really hands on. He knows more about the industry than anyone I've met. His dedication and drive to make Cal Fit a success is incredible!

A-3) Change. In order to be a success in this industry you have to be able to adapt to the consumers and employees' needs. Finding and retaining employees who are fitness fanatics is probably one of the most challenging things in the industry.

A-4) In most situations following the company policy is #1. I would meet with the employee and let him know the policy.

A-5) My personal values: caring about people, having a high moral value and a strong desire to succeed!

An Interview With
Club Industry Superstar
Greg Rowe

Give us some information on your personal background?

My pleasure. I was born and raised in metro Detroit through high school. With a Dad as a popular local doctor and 7 other siblings, I had a great family structure. Fortunately, I've lived most of my life in California since first attending the University of San Diego for a Bachelors in Business Administration and a minor in biology.

What were your pre-health club industry jobs?

I trust you really don't want to hear about bagging groceries or my old paper route. But later, with plans of potential Medical School, I eagerly worked as a hospital janitor to maintenance, and to intensive care orderly. All three of these positions taught me invaluable skill sets I continue to benefit from today.

When and where did you meet Jill and when were you married? Tell us about your family.

My wife Jill and I, as so often in our business, met at the club. My old senior partner, Ron Thompson, used to joke about how 'Mrs. Right' sooner or later would be walking through our club's front door. In my case he was right. We had the greatest kids: Kayla 7, Summer 5, Jade 4 and Jacqueline 1. Girls rule!

When, where and how did you first become involved in the health club industry?

I learned early to hate the 'old style' of 'Health Clubs! As a 14-year old, borrowing my 18 year old brother's driver license, I joined a Vic Tanny club. My plan was to learn and train on how to build up to compete better in sports. But, the reality was that was no place for a 14 year old! There were absolutely no trainers and the club had broken down, outdated equipment.

What that club did have was the staple of the industry at that time: a legally binding retail installment contract with 3 years of payments! Knowing I was overpromised, I quit paying and they started threatening! Consulting with my Dad, I was assured that 'yes' my brother was going to beat me to a pulp if I didn't resolve this illegally obtained health club contract matter. Since I was faced with either paying the health club, receiving a beating from my big brother or persisting until they cancelled my contract, I chose

to persist. I made my way up the health club's management ladder until I spoke to Mike Lucci, an intimidating former Detroit Lions linebacker, way up in the club's food chain! He too tried to intimidate me, but because I just persisted and persisted, Lucci finally told them to cancel my payments.

This was an invaluable lesson for me in that, fortunately, I learned before adulthood. I have empathy with those over 18 year olds, that whether by a "Health Club" or any other naive financing, they become hostage to payments or ruined credit.

Tell me about how you became involved in Family Fitness Centers and when you first met Ray?

I was a free loader. Because I hated the old 'health Clubs' business practices, I never joined another health club again. But I loved to train. With college friends giving me passes or slipping me in, my clubs of choice were Ray Wilson's original Family Fitness Centers. Having 3 clubs within miles of my college, I became a regular free loader. Fortunately, free loading gave me invaluable insight that still pays off today. I have endured countless sales reps. I've tested many club's ease in entering and of course, I tested their patience!

I faced my ultimate challenge with clubs run by Murielle Payeur. Murielle taught me a lot about club management by having systems and trained staff to get 'my kind' signed up or kept out! And with her club having the only outdoor lap pool that I could find for training, I was a persistent adversary. But she had real systems, tracking and staff who were well versed in enforcing policy! Finally I started hopping her pool fence until she put barbed wire across the top. She won, but I learned and also gained a healthy respect that there were professionals in this business.

Why did you transition from a top 'free loader' to a top 'pacesetter'?

My free loading reversed into an 'obsessive' fitness industry career with Demoree Jones. He changed my life. A friend of mine taught Aerobics at his Family Fitness club and raved about him. Demoree was a seasoned entrepreneur. He knew success as a founder of Century 21 Texas and failure as an in-



Phil Hile
Little Bigman
CalFit Personal Trainer

experienced club operator. Despite his loss, he believed the fitness industry was ready to take off and sought out the industries #1 success, Ray Wilson. To succeed, Ray had him get reborn behind a desk, gross, develop a winning crew and win contests. Winning brought you to the front of the line for new clubs. And unlike any other, you could get real ownership in these clubs and share in real net profits.

More than any other person he established the bar on who to hire, train and motivate by hands-on leadership, and to win. He always took the initiative not to tell you your job, but to enthusiastically do it with you. I cringe to this day every time I see a manager tell others what to do, while not enthusiastically doing it themselves.

I realize Ray Wilson has been one of your greatest mentors. Who are the others?

Number 1 of all are the Parents. My Dad embodies the 'whole person' whom I most aspire. From affability to family to a loving caring wife to work ethic to spirituality. All my brothers and sisters have the perfect roll model. Dad gave me the strength to stand and work alongside drivers like Ray, Ron Thompson and wealthy landlords. He often played the devil's advocate. I'd get a response to some 'big' plans I had, and he'd make it sound like I was going after Moby Dick in a row boat while bringing the tarter sauce. You didn't blow hot air at Dad. If you said it, you better have meant it.

Norm, I also practice and I teach my staff his required '3 Disciplines to be successful':

1st - Take discipline...learn and obey...
2nd - Self Discipline...do your own thinking...
3rd - Give discipline...only after

steps 1 and 2 you can you take care of others.

Ray Kroc: Founder of McDonalds, and a philanthropist of my University of San Diego Business School. He preached in his success formula to avoid letting yourself drift into a career. Do your homework. Know there are only 3 industries: those that supply the staples of life, those that transport and those that entertain (His supplied all 3). Get into the ground floor of what's emerging in one of these industries. Get in with someone who has a plan you believe in, has the money to weather the washouts, and will share the wealth through your sweat equity success. 'Sweat Equity', that's how Ray Kroc built and shared success. Now I needed to find my Ray!

Ron Thompson: Many know Ron as the multi-millionaire, charismatic leader of production with 24 Hour Fitness. I know him as the guy I always banked on would triumph through the hardships and challenges, and he did. But there was a price to pay. Ron's an absolutely tough task master in systems, cleanliness and winning. Second place in anything was unacceptable. But, we all need someone to be the added catalyst to get you to keep pace, grow and not to coast. "Back Then" Ron was mine. Ray Wilson was Ron's.

To be 'bankable' with Ron, to get real opportunity, you had to stay on top and that developed skills in me I could have never learned elsewhere. I made the right choice to excel to be barking with the Big Dogs vs. cruising and yapping with the Chihuahuas. In time, our group was known as 'the billionaire boy's club'. We had the best run clubs, in the best of areas (the beach), the best toys, homes and the highest paid employees.

Mark Mastrov: Mark is the industry's 800-pound gorilla (See Greg Rowe Page 19)

...Greg Rowe

continued from page 18

as CEO and mastermind behind the 24 Hour Success. He is truly a 4-wheel drive, knobby tire kind of person. He can give you inspiration or perspiration. I first knew him as that #4 operator, of the world's largest private health club chain, acquiring our #1 chain and then blowing past all of our expectations in achieving his vision. He sub-stituted our ingenuity for specialists, capital and consciously creating success. It was his 'BHAG' baby! And those who positively embraced his: "Time's running short. You better master what skill sets you need now. You'll be overwhelmed without them later", flourished.

I always liked his "Greg, forget retirement. We're talking about a second childhood and making sure we get a big allowance." Mark, in the tradition of Ray Wilson, has now created numerous millionaires. I trust he now has so much money, banks do envy him. And I'm sure he's only getting warmed up. He is effective in expanding his vision and rolling out new systems in a rifle approach. Simplified, educated and role played vs. the shotgun approaches of mass change and information overload. I remind myself every day *'Simplify and Multiply!'*

Your partner, Ray Wilson, has led changes in the industry more than anyone. As one of Ray Wilson's top protégés please share his success formulas. For example, why did some people fail with Ray, while others became the industry's pacesetters?

It came down to whether they possessed that 'American Pioneer Spirit': The weak died along the way. Only the strong in spirit made it. And then, they were empowered by the lessons learned along the way. It is why these guys are so powerful and keep pioneering on.

You mentioned that Mark Mastrov is effective in expanding his vision and rolling out new systems. does Ray use the same approach?

Absolutely not. *With Ray there isn't a plan, it's pure PASSION. Business succeeds more out of persistence than talent. With Ray it's the true survival of the fittest. Sink or*

swim. Nitty gritty entrepreneur! If you are an individualistic entrepreneur, you excel in this environment. With success you better learn to multi-task. Success with Ray breeds more responsibility. For me, I enjoy the variety. You only live once; why not want to be creative in architecture to team leader to accountant to visionary, etc.

How does Ray know 'who had what it took' to deliver the success he demands of his partners?

The story of the 'had and had not', is the story of the 'did and did not'. To Ray the #1 'did' is 'did' you win contests? 'Did' you win honestly and without negativity from the home office or your staff?

Ray Wilson's contests were as much about mental toughness and teamwork as it was about ability. They were about pushing it to the limits. They were about knowing and stretching past your previous max. Hitting the wall. Skill techniques and new great habits blossom. The focus of a contest goal keeps the energy of the strong team's mindset from being scattered. Wanting isn't enough. Striving for the goal helped you persevere during tough times and enjoy the prosperity during the good times. No matter how big we got, when the dust settled, the winners of that time, as in Ron Thompson and Larry Gurney, are still the striving winners of today.

Outside of setting the stage for entrepreneurs to excel, how did Ray train you?

Ray, like Mark Mastrov, is consistent on preaching the same message. Where Mark's message focuses more on systems, Ray's is *Emotional Intelligence. To Ray, attitude truly was everything. Ray trained your brain to make good business decisions and not ego. His preaching that 'Stress is for the Unprepared'* did make you think twice about slacking on setting Promo, Training and Follow-up.

Beyond the emotional intelligence he has been masterful in my learning site selection, lease negotiations, legal, staffing, and the value of administrative working around sales vs. the other way around.

A club is tremendously expensive to build and equip, how does Ray know who can handle

the financial liability?

Great question. Aren't most people great spenders of other people's money? Or when it is their own money, some people treat it like a slot machine, putting in as little as possible while hoping to hit the jackpot? Absolutely. Ray does not give that a chance to happen.

Foremost, if you become a direct partner with Ray, you did sacrifice, became bankable, consistently won contests, developed a host of key players and you must have real money, real assets. *To take on financial responsibility with Ray failure is not an option. With Ray you earned your assets. You will not kiss them good-bye. Ray is not a philanthropist. Ray says and believes "the best defense from going broke is to succeed, go broke and show you can rebound. That person will never let themselves go broke again."* That is a lesson I strive never to learn from personal experience!

When exactly and why did you become a partner with Ray at CalFit in Columbus?

From 1980 through our merger in 1995 I achieved ownership of beach city clubs, skill sets and wealth through the opportunities Ray created within our Family Fitness. To re-team with Ray in 1999 to recreate the Family Fitness culture, by establishing Columbus, Ohio as a hub for East Coast expansion, was the midlife pivotal decision of my life. I had choices. I had the house on the beach, my boat in the water, money in the bank and more kids on the way. My first thought was to relax, be a Mr. Mom after 18 years of all out effort. In the meantime I was running my old clubs for our 24 Hour Fitness. I could have stayed or just retired. But I had Mastrov's saying, "Forget retirement, I'm talking about a second childhood, with a big allowance!" ringing in my head. He was not only right in that, but I had worked too hard, learned too much, to miss out in this greatest phase, as our industry evolves from mom and pop, to regional to Wall Street mainstream. So when Ray called in '99, I listened, sized it up, fully invested and have been blasting forward ever since.

You have money and have a talent for success, why do you continue to partner with Ray?

While others are out



CalFit Cardio Floor

there throwing darts at a board, I bet on sure things. Therefore when it comes to career choice, my family, my financial and physical health, I bet on myself and like minded people who do not take any of this for granted, plus have a history of winning in these areas. In our industry there is only one winner in the class of Ray Wilson. No one comes close to his pacesetting and accomplishments. Look, in reality there are only 2 facets to our industry: The equipment manufacturers and the clubs. The world's largest commercial equipment manufacturer is LifeFitness, originating with Ray's Lifecycle. The world's largest profitable health club chain, 24 Hour Fitness, grew out of the concepts and the merger of the world's largest private health club chain, Family Fitness, founded by Ray. *I could do it on my own, but I would share anyways. Why not share and continue to get great advice from the guy who made it all possible?*

What were the early big challenges while developing the first CalFit?

Norm, everything was the challenge of my life. From production to retention to staffing to attitudes to skill sets to marketing to home office to inside 'terrorists' to malcontents, to on and on and on....

But, as Sun Tzu wrote, 'Every battle is won or lost before it's fought'. *We won by having Ray, my wife Jill and I fully committed.* Ray already had his money on the line and he is not one to allow failure. And foremost I left the final decision on coming to my wife. She not only would have to move and

raise our growing family in Ohio, but when I told her she would have to work harder than she ever had in her life, she said Yes. And coming from a seasoned Family Fitness vet, who was our representative in designing the consolidated operations 'coordinator' system for 24 Hour Fitness, I had a ringer. I tried to dissuade her, telling her she had no idea how tough things were in the founding of Family Fitness the 8 years before I met her. Failure, we lose all. She said Yes. And still to this day I'm amazed. More kids, great mom and works harder than anyone in the company, including myself.

There were no insurmountable challenges once arriving. Yes the club open was losing members and big dollars. And I was barred from bringing anyone past or present from 24 Hour, so dealing with the inherited staff drama was like being alone parachuting into Baghdad. But time, systems and expunging the fair weather wanna bees and malcontents that terrorized our next generation, we grew and prospered.

Tell me about your club leases?

In lease negotiations an emphasis on minimizing rent during the clubs 1st - 3 to 5 years. Escalations after this are offset with dues and increase for fee services. Tenant improvements after a vanilla shell are \$40 - \$50 per square foot and an additional \$600k - \$800k in fitness equipment. In Central Ohio our first layer of 8 clubs are all full service and maximized workout equipment and services.

The next layer of 2 big
 (See Greg Rowe Page 20)

...Greg Rowe

continued from page 19

CalFit Sport Complexes will be of the 24 Hour Fitness size, pool, basketball, etc. The expressers are all 'infill'. Vertically we will have approximately 15 clubs in the market, \$19-\$39 a month.

Did your Central Ohio competitors 'roll out the red carpet' for your arrival?

Hardly... ZZZZZ... Most were asleep! They had *no idea* what was hitting them. Many gave up. Others were in denial. It's like the guy who thought he was a good kisser, because his Momma says so, but in reality he had never been around the block. They had never experienced the ferocity of the competition we were accustomed to in Southern California. So, they never evolved into the month to month, developed true member services or experienced guerilla marketing with sales teams numbering eight to ten deep. We just kept blasting away, expanding, keeping our rates rock bottom and ramping up the dues instead of getting the bigger up front cash.

On the negative side, I believe the *lack of real competition* has made us softer. Shopping one of my competitors, the sales person was so poorly hired and trained, when I finally told the salesperson yes to joining, he replied 'sure you don't want to think it over?' We do have the Bally's who've shrunken since our arrival. In reality we've had but two real competitors: 'Time and Self Discipline.'

Tell me about the process you use to select equipment.

Norm, I love working out at clubs. I learn everything from inside our clubs and others near and far. The formula is that there is no set equipment preference. *I select and make change by what I observe in 'prime-time balance'*. When you walk into a club in prime-time, are the members *evenly balanced throughout the club*? Did you go in during nonprime time and see balance or when people had had plenty of open equipment, did you still have balance? I adjust accordingly. Not one of my clubs is balanced the same way today as it was last year. It will not be the same way next year. Equipment costs approximately \$800,000 per club.

Describe your overall company management structure and name all of your key employees. Norm, we are developing an army. Not the dirty dozen. We've got Brad Ballintine, Brandy Nolan, Dana Rocco, Omar Mitchell, Mersedeh Mahdi, Dee Neal Bononno, Chet Dine, Steve Willis, Randy Harbor, Ed Van Antwerp, Jon Mayle, Mick Divvans, my wife Jill Rowe, and dozens of others.

Some people in life are drivers, others are passengers, and these are drivers. And they are learning how to handle the curves to become self reliant leaders. *These leaders take the advice they're giving others!* And, now moneyed and retired basking in the California sunshine is Sean Naughton. Sean was invaluable, as a trustworthy seasoned vet that rose to the occasion and was a winner even prior to my arrival.

At Cal Fit, it is those with the *good past* who are *destined to have the best future*. They led when they weren't in charge. *They possess unstoppable desire for winning that enables them to resist those who would otherwise discourage them.* The best are put in charge and given both responsibility and authority. Then they are held accountable. *I can't let them depend on luck or for things going naturally.* The *smart ones always trust their future to hard work, stamina and a positive mental attitude.*

Not everyone will empower themselves to make it. It is their individual initiative that made them responsible for shaping their own circumstances into success. No other person can do for them what they neglect to do for themselves. *So we empower the marathoner, the committed, the disciplined, the one that has a plan and that is there every step of the way.*

The point of all this hard work is to *build a base of strength. It will allow and empower them with leadership needed during crunch time.* They are loyal and set the pace for the team. It is a fact: if you can't be loyal to your team, you can't be loyal to me. These key people are not fair weather followers. They are Showtime Warriors and in the best there is a camaraderie between the GM and AGM of being each others' best promoters; they fight together, win together and cheer together.

Finding and training good managers is essential to

moving up. They have to be smart enough to get the job done well. Loyal enough to do things the Cal Fit way. Good enough to take my job locally, when I'm ready to move to other markets..

Who makes it as Sales Leaders?

They excel at *generating their own production*, they create producers and they have the character to rise above pettiness. And if an incompetent manager is removed, seldom do we advance his assistants to take the manager's place. When a manager failed, so did his employees. Winners can assure this is not happening to them by *caring more about experience than premature promotion.*

Can you share some of your records of financial success, such as your ever rising EBIDTA?

I would love to. But we are in a growth phase and are entertaining major investment. We wish confidentiality at this time. I look forward to reporting to you first.

Tell me about your CalFit growth plan, especially done deals and new Express clubs?

I'm a firm believer that *I need to work in concert where the industry is heading.* We know that:

1st - There were the Mom and Pops, **2nd** - Regional Chains and National fad niche chains, **3rd** - International Conglomerates.

Wall Street is getting more and more pumped up with our industry's consistent cash flow, growth, ability to dominate markets, economies of scale size brings, the public loves our product, our services, plus the government, employers and insurance companies are all destined to become our greatest customers. With that as reality we are building for Wall Street, etc now.

We have and will finish an impenetrable hub here in Central Ohio. We are well over the hump. We have been # 1 in the market since our 3rd location in 2001. Now at 8 locations, with 7 additional local units rolling out as we speak, we will vertically control the market from Express up to Sports.

How many CalFit members do you have? 40,000

What are your member-



Map of Columbus

ship rates?

Fully integrated we will be: Month to month: Express-\$19, Fitness,-\$29, Sport-\$39.

How many memberships do you shoot to pre-sell as a minimum before you open, if you have such a number?

3,000 to 5,000

Tell me about your Personal Training program?

We know that most people would like to be treated like the customers in the show 'Cheers', except that *at most health clubs 'no one knows your name, and no one's glad you came.'* Sad but true. The lessons learned from 24 Hour Fitness on Personal Training and empathies on 'Changing Lives', have been instrumental in the creation of our PT services and connecting with our membership.

All I've done is *hire the right personalities and enlightened them to my 24 Hour experience. I've backed the best and the friendliest. We gave them a gigantic cut for themselves and their team.* Jon Mayle and team, do awesome work. *They change lives, entertain and retain members. They are what's right with our industry*

Tell me about your Visual Fitness Planner Program?

Awesome. I think Jon Mayle said it well when he said, "The Visual Fitness Planner Program 'energizes and keeps our members pumped up!'" I would also add that the Visual Fitness Planner program is a terrific membership and personal trainer sales tool.

Give me your "Top 10" Tips for Club Success if you have that many?

#1. Start... decide. Cut off from any other possibility.

#2. Lead on your own without money. There is an undeniable link between creativity and a shortage of cash. *No money, you survive by your wits. Discoveries that become the foundations of the business.* (Missed if they had capital). *You learn to lead and to lead by example. You can't buy that.*

#3. Hire Right
-Hire *only if they work out* and slant to the *positive in life.*

-Hire *only* after asking open ended questions, then *turn in.* Are you hearing a prospective Jerry Springer contestant or someone with game, ready for Monday Night Football?

-Hire the *right personalities, positive with game.* We can *always* train the skills.

-Hire *power runners, not the walkers.* This is a *marathon.* Not a ride in a limo.

#4. Fire Swift, Sure and Immediate anyone who is *not member and team friendly.*

Did you mistakenly hire the Grey Goose vodka counselor of the month? When you *know it, be friendly, terminate immediately.*

-Anyone down to janitor that has an *unchangeable negative vibe... terminate.*

-Did you hire and they had *great skills, but a sabotaging work ethic? Terminate.*

-Did they 'used to be' a *top performer. Every year they got a little more selective and a lot less desirable.* You have to move on. *Terminate.*

#5. Motivate and take care of the 'be of service' staff. They *enjoy* what they do, despite the hours or the challenges.

#6 Empower Pace-
(See Greg Rowe Page 30)

“small is GREAT!” Maybe...

An exclusive column featured only in Norm Cates' The Club Insider News

By: Michael Scott Scudder

“PUSH HAS COME TOSHOVE”

To be current and hopefully, ahead-of-the-times in my digging into statistics and trends and facts and stories to support you, the readers of this terrific newspaper, and independents everywhere, I study a lot of stuff every month. I read all of the industry trade mags, two outside-the-industry consumer-and-business trends magazines, several online newspapers, and one weekly online advertising/marketing/demographics publication. I talk with over 100 club owners and managers every month. I'm on the road over 125 days a year, consulting to facilities, leading workshops and delivering seminars at national trade shows.

But, you know what? If I didn't do that, I have two irrefutable sources that always tell me what I need to be thinking and talking about. One is my email inbox... through which I handle over 1,000 emails a month. And, the other is my incoming office phone log.

My two irrefutable sources now confirm something that industry leaders like Norm Cates, John McCarthy and Thomas Plummer have been cautioning about for months and months. Push *has* come to shove... the rubber *has* hit the road... the chickens *are* out of the coop... and the s—t *has* hit the fan. Our's is an industry in a calamity (not a crisis – not yet).

Eleven different phone messages and/or emails within the past five (5) days caused me to shelve my intended columns for this and next month, and instead, to concentrate on the vital issues standing directly in front of you smaller, independent club operators. While you still represent 80% or more of the entire U. S. fitness facility marketplace, *you are under attack* and *definitely beginning to falter* under the onslaught.

Allow me to paint a picture here:

“Mr. Scudder, this is (name), owner of (club name) in (city). You may remember me from your seminar in (town) a couple of years ago. I'm writing

(calling) for some guidance. Our club has been in business a little under 3 years, everyone in town loves it, we have the best facility in (town), but our numbers are a little bit behind what our (investors – parents – bankers – spouses) want. Perhaps you can help us to niche ourselves.”

Now, let me interpret for you, dear reader, what this message *really* means.

“Mr. Scudder, this is (name), owner of (club name) in (city). I attended one of your conference seminars a couple of years ago, along with five other seminars – that's all the club education I've had – and I'm writing (calling) because I'm in big trouble and I know it and I want to deny it. We haven't generated nearly as much revenue as I originally thought we would, my parents (or wife – or partners - or investors – or whomever) are on my back to produce some payback and we're not doing very well with membership sales nor holding onto as many members as I thought we would. Two other newer clubs came into our marketplace a year ago and that has really put a hurt on us, too. Our club really doesn't do anything much different than our competitors, we all sort of have the same type of equipment, hours, classes, services, child care and membership pricing (usually in the low \$30's per month to the high \$40's per month). Other than taking a modest salary most of the time, I really haven't made any money for anybody, me included. So, I figured you could give me a quick fix for my problems in an hour or so.”

This is all too familiar to those of us who deal with club operators daily to make *our* living. It saddens those of us who are truly passionate about the industry. It mystifies me that so many people can actually start businesses with no plan and little design and no clue (other than “I'll build a better health club because I'm me”) and limited finances and no management experience (other than “I worked for a couple of clubs for about 5 years before I started my own club”) and little sales know-how and nearly-total unfamiliarity

with numbers...and that they *really expected to succeed!* The biggest shame of it is that hundreds of thousands of hard-earned dollars go into every one of these clubs, from people, good people, with sincerely good intentions. And three out of ten of them may well disappear within the next two years...and along with them, thousands and thousands of people who put up their money (the members) to support these well-intentioned but poorly-planned enterprises.

Consider that, besides factors *internal* to our business, *external* factors are going to play a larger and larger role in determining the fate of many fitness facilities over the near-term. The economy *is* in a slowly-spiraling-downward trend...the stock market *is* in another long-term slow fade... inflation *is* again an issue, with 2005 prognostications reaching as high as 6%...personal savings *are* almost non-existent...the average American *is* in credit card debt up to his ears...discretionary spending *is* definitely down... and *not enough* new membership sales *are* being spread amongst *too many* facilities.

It seems to me that we are in a period of *two booms*. Boom One is the *club-building boom* which has artificially buoyed up the statistical interpretations of success of our industry...simply because the number of new clubs is still outpacing the losses of older established facilities. Boom Two is the *belly-up boom*, which is quietly increasing month-by-month. I personally believe, from my studies, that over 5,000 independent clubs went under within the last 12 months. I also predict that another 5,000 or so will go under within another 18 months. Yet, as an industry, we keep promoting club growth and the building of new facilities! As though there is no end to prospective members! Let capital dry up with a weakened economy (read that as less consumable income), and you will see a much different picture!

Net membership growth (another of my major concerns for the last 4 to 5 years) may not *yet* be threatened to move to the downside...but let me tell you something: net membership growth is not growing at

anywhere near the rate of new club growth, and that cannot bode well for the future! Excessive supply always dominates mediocre demand in a marketplace poised for a downtrend...and usually is early-on indicated by lower pricing – which frequently exacerbates the situation. And even if net membership growth does inch up, notice that *net-revenue-per-member* in many sectors *is already decreasing*, most likely the effect of lower-price players and heavy discounting in new clubs to get new members.

I am uneasy about the state of our industry right now. In some measures, it reminds me of those old Western movies where the train is roaring down the track, none of the passengers knowing that right around the next bend a big boulder is in the middle of the track and a wreck is about to happen.



Michael Scott Scudder

In next month's column, I will highlight several strategies to potentially cope with the “I'm a business in trouble scenario.” ‘Til then, I'd encourage many of you to look around that bend...the ride may be about to get real rough!
 (Michael Scott Scudder, can be reached at 505-690-5974, by email at mss@michaelscudder.com or at his web site, www.michaelscottscudder.com.)

JLR Associates announces the placement of Douglas Page Executive Director Tilton Fitness Company

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'Because You Care!'

By: Norm Cates, Jr.

Because YOU Care, people from all walks of life around the world enjoy a better life. Take for example, Marilyn Clouse, RUSH Fitness Complex member in Knoxville, Tennessee. Mari-

lyn's very moving letter of appreciation to RUSH Fitness Complex owner, Larry Gurney, appears on this page. The praise for RUSH Fitness Trainer, Michael Larson, is abundant and expresses Marilyn's sincere appreciation for the huge difference The

RUSH Fitness Complex and regular exercise now mean to her life. This testimony by a 60 year-old woman who suffered damage from Polio when she was just 3 years old, well illustrates the DIFFERENCE all of you out there make in people's lives. Larry

and Michael should be very proud of what they do and so should all of you reading this. Please take a moment to read this compelling letter to Gurney...

Then, please take a moment to reflect on the letters of testimony and praise for your club or a staff member you may have received in the past. I would like to invite you to submit your best testimonial letter to The **CLUB INSIDER** News for possible publication on a page just like this one in a future edition of 'Because YOU Care'.

The common bond that virtually all health club members share is that they wish to *change and improve* their lives. Marilyn's letter documents the amazing achievements in improving her life she has made with the help of Michael Larson of The RUSH Fitness. That common bond has resulted in the health club industry growing to 26,830 clubs, according to the latest national Yellow Page count.

Marilyn Clouse had far more obstacles to overcome than the average health club member does, but the excellence that Michael Larson shared with Marilyn truly changed her life. Marilyn Clouse, Michael Larson and Larry Gurney should all have a deep sense of pride in these documented

achievements. Well done Marilyn and Michael! And, congratulations Larry Gurney for the role your 5-location RUSH Fitness Complex chain is playing for over 22,000 members in the Knoxville, Tennessee metro area!

Again, I invite each of you club owners and managers to honor your successful members and staff by submitting for publication, their letters of testimony and praise. Please don't wait... do it today! Simply send a clean, black and white copy of your best member success testimony letter to the Attention of Norm Cates, The **CLUB INSIDER** News, P.O. Box 681241, Marietta, Georgia, 30068-0021. Or, if you would care to fax your letter to us for pre-publication consideration, please do so. Our fax# is: 770.933.9698 (Be sure to send a cover sheet with your name, club name and contact phone numbers and email address). 'Because YOU Care', the world is a better place for millions and millions of people, and we welcome and hope to share your club's best success stories!

(Contact Norm Cates, Publisher at: 770.850.8506 or Fax#: 770.933.9698 or email: clubinsidernews@mindspring.com)

Dear Sir:

First, I want to tell you something about myself. I am a 60 year old woman, about 30 pounds over weight and have had polio in my right leg since I was 3 years old. I wear a full brace from my foot up to my hip. I have no use of my right leg and hip. I cannot move it at all. It is just there. I am married, have a great husband, 3 children and 8 grandchildren. I have worked as an office manager of a company for the last 32 years and also worked for another company 7 years after I graduated from college.

Now here comes my problem. My doctors have told me I need to quit work and get on disability. I have had a problem with my good leg lately because it has done the work of two legs since I was 3. I have arthritis in my good leg especially in the knee and ankle. My doctors say that they prefer not to do a knee replacement since there is a lot of rehab, and without the other leg being perfect, they think it will be too much for me. I wear an ankle brace on my good leg to reinforce the foot. Their solution was to apply for disability and start exercising my upper body strength that I will need when I start having to use a wheelchair. I have worked all my life and the thought of a wheelchair made me very sick to my stomach.

Now here is where The Rush and your trainer, Michael Larson, come into the picture. I went to The Rush with my daughters earlier this year, and Michael Larson is the person that showed me around the gym and I told him what the doctors said for me to strengthen. When I filled out my membership papers I told them I wanted Michael as a personal trainer. I signed up for a number of sessions with Michael, so I would know what to work on to get my upper body stronger.

I want to tell you what an asset that you have in Michael Larson. I figured it would be hard for him to find things that I could do. Boy was I wrong. I could not get on the floor to do crunches since I am not able to get up from it. I was wrong again. Michael used the bench to help me to do crunches and found other exercises for me to do from the bench. Michael tried several things and some of the things I couldn't do, so he would come up with something else. I was afraid that he would give up on me since he had to help me with all of the exercises. He was not afraid to lift my crippled leg on any of the machines and he said if it was alright with me he would like to start exercising my good leg and to strengthen it also. Just maybe I could stay out of the wheelchair a longer time. I know I was a challenge for him but he never gave up on me, and I will always appreciate him for that. Michael is an excellent trainer. He knew how to push me and how to get me motivated to do things I would never be able to do.

Here comes the good part. I have lost over 15 pounds and about 28 inches. Everybody says I look so much better. I can get in my dresses that I have not been able to wear in years. My good leg has gotten so much stronger that it has surprised everybody. My husband says he is so proud of me. When I say I am going to the gym, he says now don't get burned out on it and quit. No way will I ever quit. I can walk up steps now and pick up my grandchildren. I can get in and out of the shower without any help from anyone now. My children will let me go to the grocery and department stores without them. I used to fall quite often. I went for my physical last month and my doctor that I have been going to for over 20 years was so pleased with me. She was able to take me off of 3 of my 5 pills that I took daily. I have not had to wear the ankle brace in months. She said I would make a great "poster woman" for The RUSH Fitness Complex. I guess you know that I am not ready to retire now or start using a wheelchair. I want to thank you and especially Michael Larson for giving me my life back.

I have told Michael how much I appreciate him for what he has done for me and my family. I feel better now than I have in years. I would go on and on with things I can do now that I was not able to do the first of this year. I wanted to let you how I feel about The Rush and also my trainer, Michael; I would have never made it without him.

I wished that there was some way you could get the word out to other handicap people.

Yours truly,
 Marilyn Clouse
 Rockford, TN



Marilyn Clouse and Michael Larson

www.therush247.com

Chico's Challenge Motivates Employees To 'Get Active'!

By: Norm Cates, Jr.

Fort Meyers, Florida - Chico's Corporation, manufacturers and sellers of fine women's apparel, recently linked with the Fitness On the Move Lifestyle Center in Fort Myers to launch a New Year 3-month exercise and fitness program for the 650 Chico's employees.

Collectively, 326 agreed to the fitness program, 200 people actually signed up and 100 people sustained their workouts in the challenge for the entire three months. 55 Chico's employees paid for memberships at 'Fitness On the Move'.

Together they lost 540 pounds with the greatest weight loss by one individual achieved by Robert Franz of North Fort Myers. Franz lost 44 pounds and 6 inches from his waist! Franz also scored drops in cholesterol and blood pressure during the Challenge as well.

The Fort Myers News Press Reporter, Francesca Donlan, chronicled the Chico's

President of Human Resources has found her fitness stride. Cooper now walks 5 1/2 miles on a treadmill every morning for 80 minutes. Her blood pressure is down. She's become an inspiration for others: "Who would have 'thunk' (it)," she said with a wry smile.

•Kevin Anderson watched his cholesterol drop 100 points while losing 22 pounds.

•Robert Franz lowered his cholesterol and blood pressure and lost 44 pounds.

•Nan Gunderman is almost 30 pounds lighter.

"Thanks to the Boss!"

The Chico's employees can thank Scott Edmonds, Chico's CEO and President, and Troy DeMond, owner of Fitness On the Move Lifestyle Center, for creating "The Chico's Fitness Challenge" for Chico's 650 employees.

"I'm very proud," Edmonds said during a phone interview in his office in Chico's world headquarters in Fort



Chico's Fitness Challenge Winners (L to R)

Debbie Herring, Mary Cooper, Scott Edmonds, (CEO, President of Chico's) Luda Goldenberg, Mary Bianchi, Matt Lycan, Kevin Anderson, Jean Waldron, Troy DeMond, (Owner, Fitness On The Move) Curt Girardin, Robert Franz, and Sandi Gordon (Fitness On The Move).

was a win-win situation for everyone. Almost 60 Chico's employees paid for memberships at Fitness On the Move at the end of the challenge. Chico's employees gained immense health benefits.

Edmonds showed just how proud he was of his employees when he shelled out almost \$7,000 in cash prizes! The top 10 fitness winners received cash awards and gym memberships. Other finalists outside the top 10 won sessions with personal trainers and massages.

The Big Money Winner Was Robert Franz!

Robert Franz took home a *big chunk* of that money as Chico's *top* fitness winner. But the extra cash was just icing on the cake. At 47, Franz had watched the pounds creep up over the years. As a PC Support Supervisor for Chico's, Franz spends a lot of time in his office and in front of computers. In the past three months, he's lost 44 pounds and is happily main-

taining his weight at 200 pounds. "I'm ecstatic," said Franz.

Franz does 40 minutes of cardio and adds weights every other day. He cut back on rice and pasta and started eating more chicken and fish. His body doesn't ache anymore, and he hops out of bed at 4:30 a.m. to work out. When he walks through the front door of Fitness On the Move before the sun rises, he usually sees another Chico's employee, Nan Gunderman. Gunderman, 46, an Associate at the Catalog Call Center, works out at the fitness center five mornings a week.

Gunderman, a former professional skater gained more than 100 pounds in the past decade.

She's working her way back to a healthier self. So far, she's lost almost 30 pounds. "I'm really watching what I'm eating," she said. "When you're getting up at 4:45 a.m. you're more conscious of what you're going to put in your mouth."

Gunderman even put her tax refund dollars to work and

signed up for a membership with Fitness On the Move. She's also consulting a nutritionist, and Gunderman has another personal goal:

"Oprah's goal was to be fabulous at 50," she said. "So why can't I?"

Kevin Anderson, Security Manager for Chico's, is also headed toward fabulous at 50. At 46, he's lost 22 pounds and wants to lose another 35.

"I'm sleeping better, I'm feeling better and my clothes fit better," he said. "I have such a spring in my step." He's not sure he would have made the commitment without a nudge from a fitness challenge.

"I think it's outstanding for a company to take such an interest in their employees' health," he said. "It's really motivated people to change their lifestyle and live healthier lives."

Make It Fun!

The 2005 Chico Challenge Winners are:

- Robert Franz
- Luda Goldenberg
- Mary Cooper
- Kevin Anderson
- Mary Bianchi
- Deborah Herring
- Chris Langschied
- Jean Waldron
- Curt Girardin
- Matt Lycans

Challenge 3-month program, and her published report was picked up by some major big-time wire services. A portion of Ms. Donlan's article appears below and acknowledgment is hereby made for the segments of the story published in the Fort Myers News Press on April 26, 2005 and written by Ms. Francesca Donlan.

Mary Cooper and Many Others Have Changed Their Lives!

One of the participants in the Chico's Fitness Challenge, Mary Cooper, 50, has changed her life. She lost 39 pounds and 3 dress sizes during the three-month program and continues to lose weight. So far, she's lost 45 pounds. The Executive Assistant to the Executive Vice President of Operations and Senior Vice

Myers. Edmonds, a runner and gym enthusiast, has worked out at Fitness On the Move for years. He knew firsthand the rewards of a healthy lifestyle and wanted to share those benefits with his employees.

"I wanted to improve the quality of their lives without them having to put the money up," he said.

So he offered a free, three-month membership at Fitness On the Move coordinated and Directed by Sandi (Sam) Gordon. He offered cash incentives for those who lost the most body fat from January through March. Edmonds and DeMond were thrilled with the outcome. "It blew the socks off anything we could have imagined," DeMond said. "You have people moving who have never exercised before. It's been phenomenal." It

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**RAY GORDON and JEFF MASTEN of SalesMakers
And Thomas Plummer of Thomas Plummer Company
Featured Speakers at SEHFA**

Recently, I had the pleasure of attending the South East Hospital Fitness Association conference here in my home town of Marietta, Georgia.

The event was organized by SEHFA President, Allan Bishop and a great job Allan did!

The presentation by Thomas Plummer was excellent, as always. No wonder Thomas draws over 4,000 club professionals to his scheduled seminars around the country! (See *Thomas Plummer* ad on page #16). Thomas Plummer is an excellent presenter with a deep-deep well of knowledge and experience.

Ray Gordon, the Founder of

SalesMakers (See Ad Page 7) and 25- year industry veteran and his Associate Jeff Masten also gave a terrific presentation. But, it was not on SALES... it was on RETENTION. Gordon and Masten had prepared an excellent Power Point Slide presentation that is 'ripe' with important thoughts and consideration, even without the excellent verbal presentations by the duo.

So, we've presented the Power Point slides here for your review with hopes that they will help you in your thinking about a VERY IMPORTANT industry matter: MEMBER RETENTION! Read on... Slides Left to Right... (Cont on Page 26)

<p>Are your customers resigning or re-signing?</p> <p>Ray Gordon Jeff Masten</p>	<p>We are in the business of selling and keeping customers</p>	<p>What is your retention rate?</p> <p>Now, what is your retention rate for new members that were not regular exercisers?</p>
<p>Retain 8.5 members per month @ \$60 dues = approx. \$72,000</p> <p>add the loss of referral \$\$\$ Refer 4 members per month @ \$60 dues = approx. \$36,000</p>	<p>The hardest portion of the sale begins when they join. What are the buyer expectations after they say yes.</p>	<p>A major difference between the expectations of the regular exerciser and a non-regular exerciser</p>
<p>3 phases of membership.</p> <p>(a) the first 30 to 45 days</p> <p>(b) the next 90 days</p> <p>(c) resign or re-sign</p>	<p>(a) The first 30 to 45 days</p> <p>"The beginning is the most important part of any work" <small>Flaco</small></p>	<p>(b) The next 90 days</p> <p>"Bad habits are like a comfortable bed, easy to get into but hard to get out of" <small>Anonymous</small></p>
<p>(c) Resign or re-sign</p> <p>Nobody leaves your Wellness Center because they have gotten too good of results, they have too many friends there, or they feel too comfortable there.</p>	<p>Congratulations on selling a membership... Now what?</p> <ul style="list-style-type: none"> The real sale begins after they join Closing the sale should be the beginning of your relationship with the customer Your goal is not only to get customers but also to keep them Referrals 	<p>Member vs. Customer</p>
<p>Thank You</p> <p>Silent gratitude isn't much good to anyone</p>	<p>Motivational Calls</p> <ul style="list-style-type: none"> Ask your customer to describe the most memorable thing that took place during your last motivational call What will they remember about that call? 	<p>Motivational Calls</p> <ul style="list-style-type: none"> 7 Day 14 Day 30 Day 45-60 Day
<p>Is your sales team committing sales malpractice?</p>	<p>The most important aspect of making a sale is also a major weakness of every salesperson. Asking questions</p>	<p>"When people talk, listen completely. Most people never listen" <small>Ernest Hemingway</small></p>

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...Slides

Continued from Page 25

"Inspect What You Expect"
Management techniques

Sales Managers Daily Meetings
• Sales Makers recommends that the Manager meets with each of the membership sales staff individually for a maximum of 15 minutes per day

Verify that MOTIVATIONAL contacts are being made within the allotted time frame and the proper message is conveyed

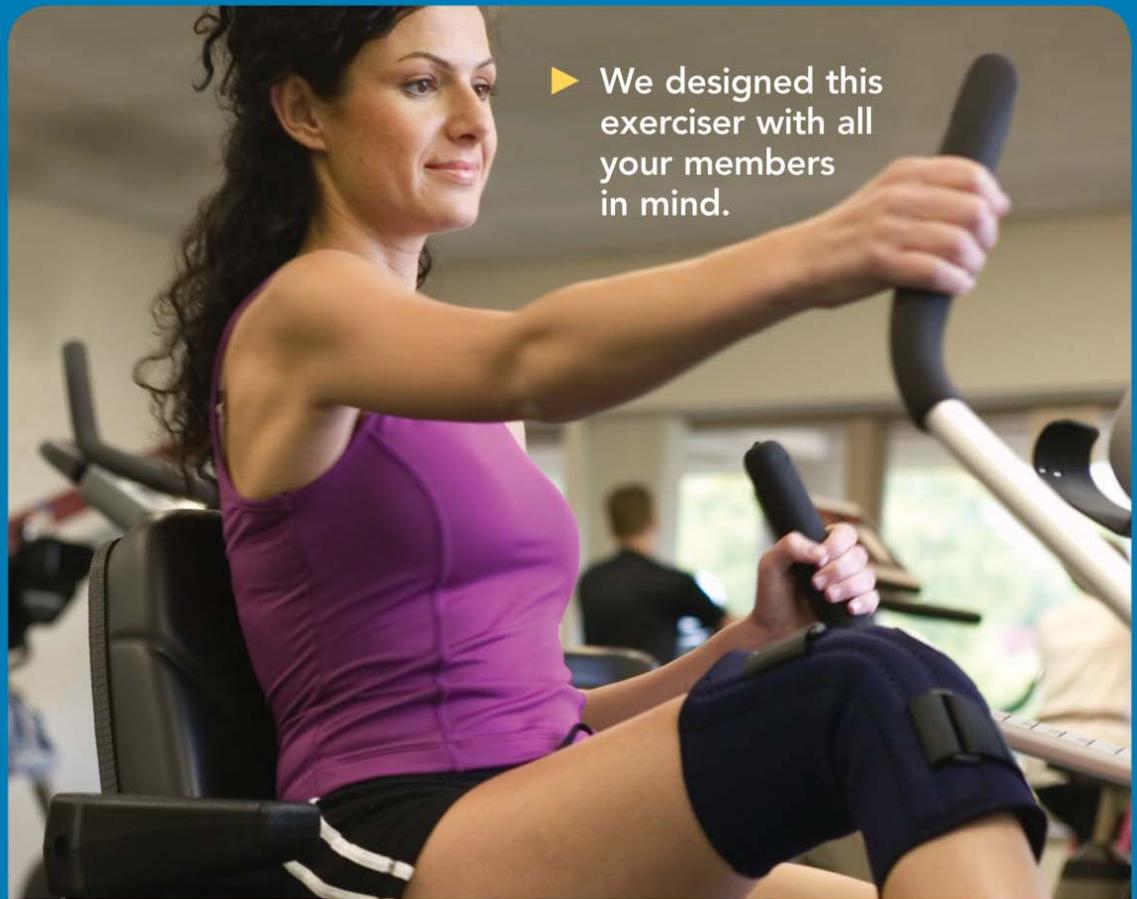
Make at least one random "performance" check of a new member within the last 30 days

Review and / or set daily and monthly goals and set a time frame for having certain goals accomplished

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Simple Sales Strategies That Always Work

By: John M. Brown

One of the most talked about and most maligned subjects in the club industry today is, "How do we get more sales"? Espousing brave new ideas and strategies is easy to talk about, but not easy, or practical to make work. I'm all for innovation. New better ways of doing things! But just because I have an idea doesn't mean I should do it. I read the Harvard Business Review every month too, but the knowledge doesn't always transfer. Instead of taxing my limited intelligence with unbridled creativity, I've decided to review the simple things: actions that any of you can do but may not be practicing. I talk to a lot of "experienced" people out there who always tell me, "I know that" or "We already do that" or "We tried that and it doesn't work". In my experience, the simple things are what many neglect, discount or *assume* are being done—even though they are not.

1. Practice, Practice, Practice. If professional athletes have to practice everyday, then why would we think professional sales people don't need to practice daily? Our season lasts 365 days a year. We play every day. In essence, by not practicing on a regular basis our people might as well be practicing with "live ammunition". Every prospect represents a "live fire" exercise: hence we should be trained and ready when these people come in, not use them as "cannon fodder".

Many people go about the job of selling our product with the "I know that" attitude. That may be, but can they do it? People who pay the highest price for this attitude are the prospects, the club and its owners. Practicing everyday may not be practical, but some *form* of practice and skill development can be done at any club level or size. Don't make the mistake of thinking that once you trained your staff that "they've gotten it". Most training is *forgotten within 30 days*. After this, people tend to make their own way of doing things instead of what they are trained to do. It's a really simple job that gets complicated by people. You have to keep working on it to keep it as simple as it should be.

2. Do the Work! Day in and day out, success in the club business is directly tied to the amount and consistency of your production efforts. Strong, consistent sales are the result of the proper strategy, trained staff, a focused work ethic and the proper execution. You need to "look under every rock" and be able to reconcile what happened to every prospect, opportunity and inquiry. It's not glamorous, nor always fun. But it is the *bedrock* of consistent sales.

3. Look for more sales inside the club first! Upon further review, you can find direct sales opportunities which have slipped through your fingers and can be created internally. In fact, if you don't think you have your internal sales, systems and opportunities where they need to be, then it's probably a waste of money to bring new people in, if you are not able to convert what you already have. An example is, can you really sit down and go through every guest record? Do you *know* who didn't join, calls that didn't appoint or show, appointments that didn't show, along with any and all internal upgrade and renewal opportunities? If you can't get definitive answers to these important questions on each question above, then something is wrong. Sound like too much work? Staff can't provide you with the details? I rest my case.

4. If you're not getting member referrals, you're not in the club business! Are you really getting referrals? Or is that what the staff tells you? Can it be proved by your staff? If not, then you are being duped into thinking your members are helping you. I know there are many bright ideas you are chasing to bring in more members. But this one is immutable. Basic. Club business 101. Here are just a few of the problems I have experienced, when working with clubs on this particular issue:

- "Auto-Referral". Many clubs and salespeople casually conclude that every sale produced is from a referral, especially when that's what the boss wants to hear. Many times we find that they don't know for sure. Or, we find that the prospect was a walk-in or telephone inquiry but was incorrectly classified as a referral. Make them *prove* it. Ask for

details: name of new member, when did they get the referral and how did they get the referral?

- "We get all our new sales from referrals" Please. Do you mean to tell me that of all or most were from referrals? You didn't get any walk-ins? You didn't get any telephone inquiries? There is a difference between getting referrals and order taking. You need to find out and know the difference.

5. Make sure all leads are being administered thoroughly! Can you look and *prove* that each lead has been followed up on from A-Z? If you can't, then there is gold in those hills. Don't you ever wonder, "What happened to all those people who didn't join our club"? If you don't know or can't find out, then you can assume they fell through the cracks. At least follow up and give the prospects a chance to tell you conclusively, "I don't want to join your club".

6. Plan for what you need, and demand you get it! In simple terms, you need a plan. In advance, for the number of, type of and amount of sales you need every month in order to produce a "net gain" in your growth every month. You need to have monthly membership units, cash targets, and goals. You need to be tracking, day by day to ensure that you are 'on pace' to reach or surpass your targets and goals that you've set. Put them in *writing*. Make *sure* the whole production staff knows and understands. Then *make sure* all are pulling their share of the load.

7. Analyze your current membership base and identify people who can help bring you more members! Many of your members own their own businesses. Or they are in a position at their place of employment to help you promote your club through their business. You can also go back and look through usage reports. There you can identify high use members and high profile members that are most likely to be willing to help you. Don't be afraid to ask them to help you. If they are happy with your club most will be more than willing to help you.

8. Have some form of internal promotion, running every month! Not on again, off again. But pre-planned promotions that the members may look forward to and become "involved" in. Remember most

people respond to WITFM (What's in it for me?).

9. Fall back & regroup! At least once a month, you and your staff need to meet and gather together all the club leads, prospects and opportunities. Then review them carefully. There are *always* many loose ends left undone. By bringing everyone together you will come up with other avenues or angles to work the current and future customers. When you meet the demand that everyone who attends shows up with at least one original idea for building business, you are winning.

10. Let the members know you want them to bring their friends! Many times we find that the current members *don't even know they can bring guests!* Make *sure* it's part of your after-sale presentation to explain your club's guest policy with each new member. Explain to the new member that your staff is

regularly "engaging" the members in "meaningful" conversations that you have plenty of "In your face can't miss it" banners and reminders. It's much like frequency in advertising. Many people have to hear/see a message *seven times* before they may notice or respond to it!

The above are all simple ways to keep sales strong and steady. Many times these basics are overlooked or discounted for their value. Remember the *race is not usually won by the "glamorous"* but instead by doing the same basic fundamentals over and over and well everyday.

(John Brown may be reached anytime at 281-894-7909 or @ www.clubexperts.com. His company PCM Fitness Inc. is an industry leader in staff training, consulting, managing and developing clubs. Email: Jbrown@clubexperts.com.)

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New!

Norm's "PERSONAL" Notes

●Hello again everybody! This is your friendly **CLUB INSIDER Publisher** Since 1993 checking in with my first ever Norm's "PERSONAL" Notes! Norm's "PERSONAL" Notes below contains "Insider" commentary on a lot of subjects. Please be in touch with us so we may share your views or club's news with everyone. You may email your club news to: clubinsidernews@mindspring.com or call me at: 770.850.8506. So, here **WE GO!**

Subscribe today so you receive CLUB INSIDER every month! www.clubinsidernews.com **NEW - Unconditional 100% Money Back Guarantee On ALL NEW Subscriptions!**

●This first ever Norm's "PERSONAL" Notes, as have NORM's NOTES for the past 11.5 years, are "from my heart". And, "from my heart" I wish to say thanks to our great and loyal advertisers and to you paid subscribers who help pay for this production each month. Thanks also to our terrific "Contributing Authors", to my son **JUSTIN CATES** and to the wonderful folks at **Walton Press** for the great work they all do for CLUB INSIDER!

●**RICH BOGGS** and **RAY IRWIN**, **BTS Founders and owners** are "Salt-of-the-Earth" kind of guys. By that, I mean you can trust Boggs and Irwin. Let me just say this: "If I was an infantryman and I had to be in a foxhole fighting for our country somewhere, I would want to have **RICH BOGGS** and **RAY IRWIN** with me."

●My **DAD**, **NORM CATES**, Sr. thankfully fit and healthy at age 87, received the delivery of his **NuStep Machine** (see the NuStep Ad on page #26 of this edition) at his home about seven weeks ago. I had acquired the NuStep Machine for Dad because he had developed a hip problem that was inhibiting his normal daily walking exercise. The first words out of my Dad's mouth after his first two workouts on the NuStep Machine were: "Norm, this NuStep Machine is the greatest thing since sliced bread!" Dad **LOVES** his new-NuStep Machine and is getting excellent results.

●"**Because YOU Care!**" - In this edition of CLUB INSIDER, I have published an article entitled: "Because YOU Care!" The article chronicles the great success of **MS. MARYLYN CLOUSE**, a 60-year-old member of **LARRY GURNEY'S RUSH Fitness Complex** in Knoxville, Tennessee. **Rush Fitness Personal Trainer**, **MICHAEL LARSON** helped Ms. Clouse

immensely and she wrote an incredible letter to Larry Gurney chronicling her lifetime health problems and praising the wonderful results Michael Larson helped her achieve. I asked each of you to go through your Member Testimony Letters and select the SINGLE BEST member testimonial letter and send a copy to us for consideration for publication in a future "Because YOU Care!" article. To start, fax a copy to me at: 770.933.9698 or if send it by email to: clubinsidernews@mindspring.com.

●"**MAKING THE BREAK**" has changed my life more than words can express! Let me now get real "personal" with you about my own lifefaving lifestyle change and exercise program. In August of 1991, I was in an auto accident with a drunk driver that rear ended my car that was stopped in traffic. He was going at least 50 mph! I suffered injuries to my neck, lower back and my ears still "ring" constantly. Over the following 9 years, due to inactivity, drinking too much Jack Daniels and eating too much, I gained about 10 pounds per year until I looked like a whale on two feet! On November 26, 2000, I weighed 343 pounds! "**Making The Break**" to a new lifestyle of daily exercise and proper nutrition (including NO Jack Daniels or any beer or wine). I lost over 100 pounds and have taken 16 inches off my waistline! I walk a minimum of 3.2 miles everyday as if "my life depended on it" and I know it DOES! But, during the last six months I've made the greatest progress since I began with the introduction of the missing ingredient, strength training. I started doing what I call "**Incline Push Ups**" (INP's). My first week I could do four sets of just 15 "Incline-push-ups". Now, I do sets of 100 to 150 and over 750 incline push-ups per week. My old 'bod' is loving it!

●"**Leaving Fat City!**" is the name of the book I am working on. But, it is **MUCH MORE** than just a book. It will, when completed, become a "network", a movement for fat people everywhere. Writing above of inspiration, I was totally thrilled to see **FRANK ANDERSON**, owner of **Computer Outfitters**, at **IHRSA** San Francisco. I had written the Introductory Chapter to my upcoming book "Leaving Fat City!" Frank and others across the country read that one Introductory Chapter and decided to use what I had written to change their lives. Now, it is really exciting to be able to report that Frank Anderson told me in San Fran that he had lost 122 pounds on his goal of 150 pounds! Frank's experience is a terrific

success story in progress and I am PERSONALLY VERY THRILLED TO HAVE HELPED! In my hometown (East Cobb) I also gave copies of that issue personally to friends I knew that had been "fighting their own battles with weight". Well, I am very pleased to say that a number of people here locally and across the country have reported great success due to having read that one Intro Chapter! About finishing the book: I intend to do so by the end of 2005. However, the last thing I ever want to do is to take my eye off my monthly obligation to each of you who religiously read CLUB INSIDER. Also, I did not want to even attempt to finish the book until I was sure in my heart that I had mastered weight loss MAINTENANCE! STAY TUNED!

●**Folks it is important for all of you to know that have taken the time to read this far** that producing the CLUB INSIDER every month for 138 months now, (including the first 9 years when I was really obese and during the one year when I was fighting a life and death battle with very serious SKIN CANCER), has required an enormous focus and dedication to EACH OF YOU! "Personally, the last 11.5 years have been "No Picnic!" I was fortunate to have survived those first 9 years of publishing CLUB INSIDER. And, I continue to be fortunate to survive each month because I have also busted my butt financially to keep the press rolling each month! You see... I started this newspaper for you all to help this industry improve and become more professional and in general to get better. So, I am writing to ask for your help now. Read the next item please.

●**Confusion I have caused out there** has inhibited subscription investments by some of you. Many of you reading the CLUB INSIDER right now are people who have received a **FREE 'PROMOTIONAL'** issue. We supplement our paid subscriber list with comp copies mailed around the country each month. We have **never missed a circulation # promise** to our **advertisers** in 11.5 years. But, unless you are a **paid subscriber** you won't receive CLUB INSIDER every month. Have any of you noticed that once in a while you receive CLUB INSIDER, even though you've not subscribed? Do you ever wonder why? This industry needs you in the "mainstream" of things! **CLUB INSIDER will put you there!** So, throw me a bone folks! Grab your credit card or check book and make an INVESTMENT in YOUR BUSINESS! Subscriptions are only \$89 for 12 months or \$119 for 18

months. Also, as of May 1, 2005, **new** subscribers receive an **'UNCONDITIONAL MONEY BACK GUARANTEE!'** We **NEED your business to invest in a Paid Subscription!**

●After being "on a roll" about my upcoming book, "**Leaving Fat City**" and our need for your subscription business investment support so that CLUB INSIDER comes to you every month, let me again mention our **'other work in progress.'** I am working on our business plan for our second publication, **The CLUB INSIDER for consumers**. The new 'CLUB INSIDER' for consumers is not a small production. Because the new publication will have such large production and member direct mailing costs each month, the only way it will ever happen will be through advertising revenues from **FORTUNE 500 Companies such as Rolex, IBM, Ritz Carlton, American Express, etc.** that wish to reach 'the best target demographic group in America. Health club members! FORTUNE 500 advertisers will require AUDITABLE circulation numbers. Circulation by hand in a club kiosk or over the front desk will not provide auditable numbers for Fortune 500 advertisers. The only way to achieve those AUDITABLE numbers for Fortune 500 advertisers will be through **AUDITABLE DIRECT MAIL** to a fraction of the 40 million health club members using the very secured mailing list of participating clubs. My goal is 1 million for the first press run, a fraction of 40 million! And, for those NAYSAYERS out there who think I am just WAY OVER-DREAMING about something I will NEVER achieve, I simply and sweetly say to you: "YOU don't **KNOW** ME. When I get something like this on my mind I am like a relentless bloodhound and I will stay on the trail forever until I make this happen. There are few in this entire health club industry that possesses the dogged relentlessness that I have when I am after a **GOAL** in LIFE. One is **MY FRIEND, RAY WILSON**. I have learned an awful lot from that gentleman and I am going to keep on learning from him. I don't give a damn if it takes me 10 years... The CLUB INSIDER 'for Consumers' will go to press some day! STAY TUNED!

●Norm's new "**PERSONAL**" Notes would not be complete this first month without me updating you on the phenom, **JIMMIE PACIFICO**. While in Columbus, Ohio in March for the **Arnold Classic** and the **World Gym Hall of Fame Banquet and Awards Ceremonies** (see April issue page #22), I traveled across the great and beautiful snow-covered "**Heartland of America**", to Kenton, Ohio High School. There I witnessed power lifting history. Jimmie Pacifico, age 16 and just a *Sophomore* in high school, won the 210-pound weight class State of Ohio Power Lifting Championships! Jimmie set a State power lifting record for Ohio and unofficial National Squat Record ('unofficial' due to the number of judges) of 705 pounds! Jimmie combined his record breaking full-squat of 705 pounds and with 385 on the bench and a 545 dead lift to win the State of Ohio Power Lifting Championship at 210 pounds going away! Jimmie's **DAD and Trainer** is none other than my old weight-lifting buddy and track teammate, the **legendary LARRY PACIFICO**, former 9-time World power lifting champion.

"The 10-Year Plan"

●In short folks, I have opened my "**heart**" to you all here. I have told you all about what I am up to. I have outlined in this first edition of Norm's "PERSONAL" Notes the **10-year business plan for CLUB INSIDER**, the book "**Leaving Fat City**" and the **CLUB INSIDER for consumers**. And, I have **ASKED FOR YOUR FINANCIAL HELP** through your **business investment for at least a single \$89 (or \$119 for 18 mos.) PAID SUBSCRIPTION**. As of May 1, 2005, I offer new subscribers an **'UNCONDITIONAL MONEY BACK GUARANTEE!'**

●If you have read these Notes this far, I **sincerely THANK YOU!** I want **WONDERFUL LIFETIME** friends from over 30 years in this great industry, to **KNOW** that I am doing these "Personal" Notes so I may stay **MORE CLOSE** to each of you, hopefully generating **MORE COMMUNICATION** between all of us! If you and I have never met, please view me as your friend in this great industry. Give me a call at: 770.850.8506 or email me at anytime at: clubinsidernews@mindspring.com I have been involved in this industry for nearly 32 years and I am in it for the **LONG HAUL**. I hope you are too!

Many people in our world do not have a "vision" or "long-term goals." My plan, my "**Dream**" and my "**Vision**" for 10 years from now is: 1) to have been **publishing CLUB INSIDER for almost 22 years** by that time; 2) have enjoyed a blockbuster, 'Best Seller' status for my book "**Leaving Fat City**"; and 3) to have been **publishing the CLUB INSIDER for consumers for** (See "Personal" Notes Page 30)



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...Greg Rowe

continued from page 20

setters The mediocre hire sheep and sheep get slaughtered in this business.

...“Personal” Notes

continued from page 28

8 years by that time. That’s my plan and I am stickin’ to it! Stay Tuned as I continue to hone my “rode-hard-and-put-up-wet”, but now “comeback-body” by continuing to “TRAIN MY MIND TO TRAIN MY BODY” (the CLUB INSIDER for consumers motto) through regular exercise and proper nutrition. I do look forward to serving you all for the foreseeable future!

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● **GOD BLESS** our Troops, Airmen and Seamen as they serve our country and risk their lives for us in Iraq and other places around the world. **GOD BLESS** the families of our Servicemen and women as those families must make huge sacrifices as well. **GOD BLESS** the people of Iraq as they try to survive the ongoing bombings and murders of the insurgents. **GOD BLESS YOU ALL!** And, **GOD BLESS AMERICA!** And, **Stay tuned!**

from real hands on to hands off with your managers?

-Results and Accountability!
-In victory do they share the honor and money with their team?

-In defeat or mediocrity, do they take full responsibility? Redouble their efforts?

-If spending without accountability, it stops dead in its tracks. Some guys are like alcoholics with money. They abuse it and haven’t a clue how to use it. Instead of spending a buck to get 3 back, they do it the other way around. *I back those who make real money for their teams.*

Greg, please describe your ‘normal’ daily routine?

Well Norm, it was kinda like I was *telling the guy from ABC Sports... I SPRINT.*

Tell me about your management meetings, moti-

vation of staff efforts and any other HUMAN Resource efforts?

Meetings are as good as their ‘walk away value’ and execution. They say that in the land of the blind the one-eyed man is king. So we do have meetings to open both their eyes, but I keep them to a minimum. Sometimes it’s hard to make people see what are bad results, was bad judgment and wasn’t just bad luck. Meetings have a way of sharing experiences, approaches and getting them more options to improve their in the field judgment.

This ‘Wraps’ Another World Class CLUB INSIDER Case Study Cover Story! What Have YOU Learned ?

There you go folks... **another world class CLUB INSIDER Case-Study Cover Story** on the rapidly rising

California Fitness Center organization now with 8 ‘rockin’ locations in Columbus, Ohio. Suffice it to say, Greg and Jill Rowe and Mr. Ray Wilson and their Cal Fit crew are ‘*on a roll!*’ “Importantly and fortunately for Greg, his wonderful wife, Jill runs the CalFit back-office operations. Jill is extremely adept at doing so while also raising four beautiful and totally energetic daughters. Greg Rowe is not just a world-class-club-entrepreneur. He is a devoted family man with an *awful lot of love, joy and happiness waiting for him each time he comes home* and is *stampeded by his four beautiful little age 7 to 1 year old!* When Greg said earlier in his interview that *GIRLS RULE! now there’s a man that knows what he is talking about. We wish Mr. Wilson, Greg, Jill, their daughters, Kayla, Summer, Jade and Jacqueline and the entire CalFit Team all the best of health, happiness and good fortune. They all surely deserve it!*

I think, as time flies by, Greg Rowe will grow California Fitness to be one of America’s top and premier health club organizations. In fact, it already is. With 8 clubs and expansion of clubs and ever rising EBITDA, the challenge for Ray Wilson and Greg Rowe will be to *avoid making any real estate deal mistakes* during their rapid growth because as we all know that have been in the chain business, one bad club can pull down 3 or 4 other good ones when the bookkeeping is done. Greg Rowe and his CalFit are clearly *strongly and very professionally driving the health club industry forward in Central, Ohio and they will be moving into new markets in the near future.* In my opinion, Greg Rowe is extremely well prepared for the challenges ahead and I rate Greg in the *Top 5%* of any and all of the health, racquet or sports club developer/owner/operators *I have met in my 32 years of involvement in this great health club industry. That says it all*

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

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*Barry Newton - Newtowne Health &
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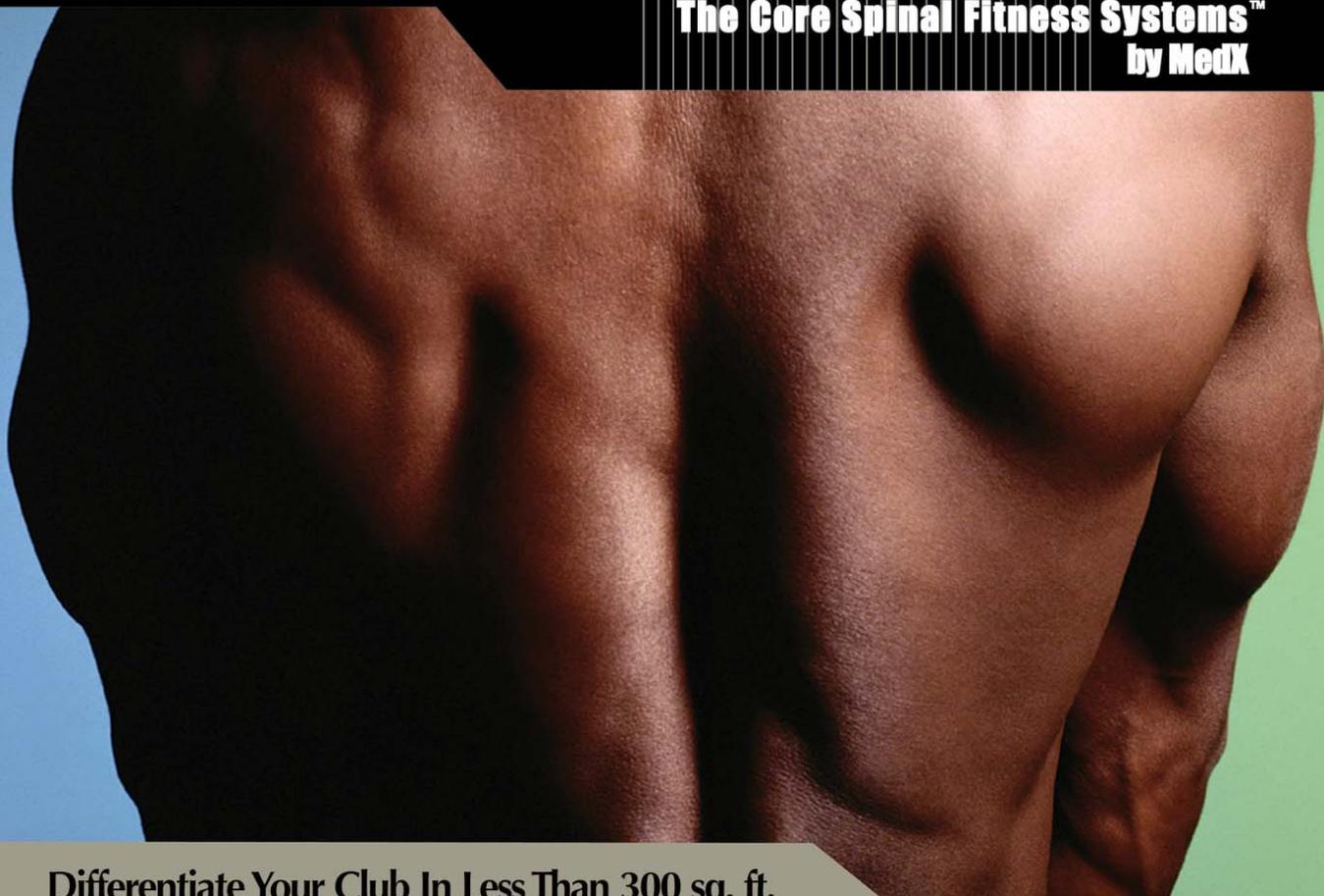
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