

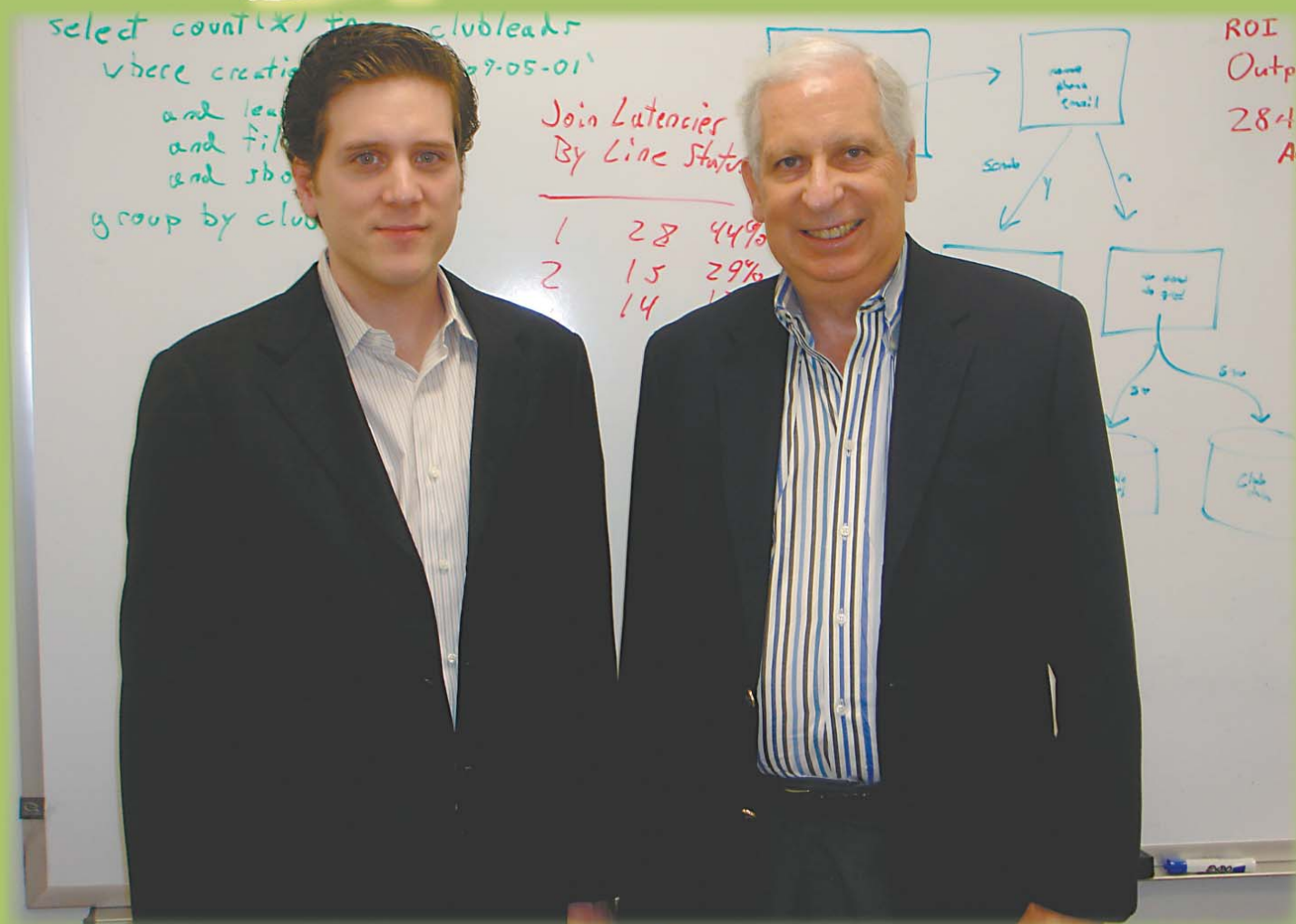
Norm Cates'

THE Club Insider

NEWS

JUNE 2007

GymTicket.comTM



GymTicket.com Founders Howard Lerman (L) and Rick Caro

GymTicket.com

GETTING MORE MEMBERSHIP LEADS THE MODERN WAY

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Norm Cates' **THE Club Insider** NEWS

GymTicket.com

GETTING MORE MEMBERSHIP LEADS THE MODERN WAY

By Norm Cates, Jr.

Many clubs are finding that their proven methods of getting sufficient and predictable bona fide leads for memberships are suffering. Direct mail costs are rising and the percentage response is dwindling. Newspaper advertising, even when using targeted geographical areas, is much less effective. As clubs' markets have shrunk and gotten much tighter in radius, cable TV and radio are not cost-effective. Even member referral campaigns are not creating the same number of prospects as they

did in previous years.

The new solution is Interactive Marketing. Leads now come from the internet. However, most clubs are not equipped to generate meaningful leads on their own. A new company with expertise in lead generation via the internet has created a new marketing vehicle for the whole club industry.

WHO ARE THE PEOPLE THAT CREATED GYMTICKET?

GymTicket was formed by Rick Caro, a 34-year club industry veteran,

and three men in their twenties with specific lead generation expertise using the internet exclusively. Rick was a Co-Founder of IHRSA (the leading worldwide trade association), a former owner and operator of clubs in the Northeast years ago, a previous Founder and Chairman of the Spectrum Clubs (Los Angeles and San Antonio) and a long-time and prolific management consultant to the club industry. He serves as President of Management Vision, Inc., which is the leading expert in club market feasibility studies, valuations, expert witness services, op-

erational analyses and club finances. He also has assisted in the sales and purchase of clubs. Rick was honored with the highest awards by IHRSA: The Distinguished Service Award, now named after DALE DIBBLE, IHRSA's Person of the Year Award and the Club Industry 2006 Lifetime Achievement Award. Last year, Rick was honored by The CLUB INSIDER News' with its 2006 Health Club Pioneer Award for his substantial contributions to the health club industry. Rick is now Chairman of GymTicket.com.

Howard Lerman, 27



years old, is CEO of GymTicket. I met Howard, a Duke University graduate, at Club Industry in Chicago last October. I was very impressed with this young man's personality, his mindset, his enthusiasm, his energy and his ideas. Because his ideas for this new business were so potentially significant for all of our industry I immediately said to Howard that I thought it would be very good idea if

(See *GymTicket.com* page 16)

The REAL Greenmaple Wellness... A Valuable Lesson

By Norm Cates, Jr.

On Friday evening, May 25th, the Greenmaple Wellness, Inc. team, publishers of the Greenmaple Wellness E-Zine for club members, an industry first, was about to run head first into a threat to their corporate existence.

This threat didn't

originate from an industry competitor. Nor was it due to a missed product launch or poor sales numbers. It came from Jensen Media and three ex-employees who had gone to work for the company, a former service provider to real Greenmaple Wellness. It happened because the folks at the real Greenmaple Wellness, Inc. neglected to

purchase the domain names from a bankruptcy trustee.

As you will read in more detail shortly, Greenmaple Wellness Communications, and Shawn Vint, Founder of that company, went bankrupt in January and March of 2007 respectively. Through oversight, and some very unusual circumstances, these domain names were

not purchased along with the rest of the assets by the company that continues to provide the Wellness E-Zine to so many industry clubs.

As it turns out, Greg Chan, a former employee of Greenmaple Wellness Communications who resigned from the company in November 2006 to become Vice President of Jensen Media



(See *Greenmaple* page 6)

Catching Up With the "One and Only" Thomas Plummer What Plummer thinks.

By Norm Cates, Jr.

I write today about a recent catch-up phone call with my friend, the 'one and only' Thomas Plummer.

First, and foremost, I

want to congratulate Thomas and IHRSA for the creation of the new National Fitness Business Alliance. This is a most grand response by Plummer and IHRSA to my many focused, and pesky

to IHRSA staff I am sure, comments over the past 10 years. During that time I've made it clear in my writing that I think IHRSA needed to continue to keep a keen eye on and be sure it is providing great support for IHRSA clubs, the many independent clubs in America and around the world that are members. I've believed this throughout

the great industry expansion and club growth significantly attributable to the rapid club chain growth in the industry across America and the world.

Thomas Plummer has been a true champion for small independent club owner/operators since day one. So, I say: "Congratulations and HOORAY" to all

involved.

In this interview, Thomas shared a view I've had for a long, long time. My view is that the root foundation of our industry STILL lies in the hands of independent clubs.

Before I get into my interview with Plummer, I have some words of wisdom (See *Thomas Plummer* page 24)

• **Inside The Insider** •

- **Cost Saving: A Neglected Source of Profits**
- **10 Ways Your Club Can Help Fight Obesity**
- **Can Your Staff Sell at Higher Prices?**
- **Why Join IHRSA and Support the ILC?**

Bally prepares for BR! See Norm's NOTES

Norm's NOTES

Thank You

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• Hello everybody!

This is your friendly **CLUB INSIDER** News Publisher Since 1993 checking in! Stand by for news!

• First, let me draw your attention to the page **#3 Greenmaple Wellness** report. I want to ask you to be sure to read it. This is a report of an amazing story of deceit and trickery employed by a Canadian company who made every effort to cause the shutdown of the business of one of our advertisers, **Greenmaple Wellness, Inc.** whose ad appears on page **#15**. But, for them, the problem is their deceit and trickery is not going to work. This story had potentially very bad implications for clubs who had allowed this knockoff company, using two web domains they acquired, to try to take all of the real Greenmaple Wellness clients away. What **DAVE JENSEN**, the **Founder and CEO of JENSEN MEDIA** and his 3 employees, all former employees of **SHAWN VINT**, tried to do is deplorable and I dearly hope will be punished by our industry turning its back on this group. I've seen some dirty, rotten, low-down dealings pass through

our industry in my 33 years of involvement, but this one is in the top two. They are so aggressive that reportedly, one club received 28 emails from this company during their electronic barrage! Please read this report because I put a lot of energy into it for you and for Green Maple Wellness. **STAY TUNED** on this one folks!

• **HOWARD LERMAN** is a **DUKE University** graduate and a very smart, personable and energetic young fellow. I had the pleasure of meeting him in Chicago last year at the **CLUB INDUSTRY Show**. He had gone there to get to know our industry and find out who the movers and shakers were. He stopped by my exhibit and we had a terrific conversation that resulted in my connecting him with my and our industry's best friend, **RICK CARO**. Together, they created **GymTicket.com**, a super new membership generating service for clubs. This may turn out to be the best new membership prospecting tool to become available to our industry ... **ever**. Check out our cover story and learn how this terrific new organization can

help your club cut through the fog associated with reaching and attracting interested new member candidates.

• **Bally Total Fitness** is definitely putting the finishing touches on its plans for a pre-packaged Chapter 11 bankruptcy filing, perhaps in the near future. Yet, some analysts still have **HOPE** for Bally. **STAY TUNED!**

• The week before this June edition deadline I attended the **Club Industry East Show** in Orlando. There were a lot of terrific speakers there and several that I'd like to mention in this NOTE. One was my long-time friend, **SANDY COFFMAN**. Sandy presented one of the finest presentations I've heard in a long time during her presentation that followed **MICHAEL SCOTT SCUDDERS'** the morning of June 6th. Right after her very inspiring and energetic teaching that I thought her work was of keynote speech quality and I was going to seek to help her deliver it to bigger audiences, perhaps at an upcoming IHRSA event. Sandy, so well and so carefully, discussed with her audience the human elements of our industry. She illuminated exactly why, in our industry, a **smile** and a **handshake** can and will go a long way toward club success. Sandy gave us in attendance some real truth about humanity. True meat for important thinking and behavior change for club staff members. If this group absorbed her message into their minds, and I think they did, and then took it back to their clubs and truly used it, they will, without a doubt, improve their clubs, generate more profits and Make It FUN for their members. Using her always happy and "Make It Fun" upbeat delivery style, she truly mesmerized those of us in the room that morning. Check out **Sandy's** latest **Programming Tip of the Month** on pg **#30** and the cover of her new book: **"SUCCESSFUL PROGRAMS FOR FITNESS AND HEALTH CLUBS: 101 PROFITABLE IDEAS."** and how to order it on pg **#30**.

• **RAY GORDON,**



Norm Cates, Jr.



Jeff Masden (L) and Ray Gordon

EDDIE TOCK and **JEFFREY MASDEN**, of **Sales Makers**, are three of the greatest teachers in this industry. My hats off to all of them. They delivered six different presentations on sales, sales management and retention at C.I. East. Check out the photo of Ray and Jeffrey at Ray and Sandy Gordon's waterside home in Cape Coral, Florida above.

• **DR. DOT RICHARDSON**, was an **Olympic Gold Medal** winner on the **U.S. Softball Team** right here Atlanta, Georgia at the 1996 Olympics. In fact, she hit the first home run in women's Olympic softball history. She shared her perspective on health and fitness in America and discussed some of the things the **President's Council** is involved in. During her presentation she presented a series of slides showing the incidious, creeping progress of the obesity pandemic across America.

(See Norm's Notes page 8)

Norm Cates®
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The Club Insider News is Published in Marietta, Georgia.

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PUBLISHER AND EDITOR - **Norm Cates, Jr.**
 I.T. DIRECTOR AND ASST. EDITOR - **Justin Cates**
 WEBSITE DESIGN - **Justin Cates**

GRAPHIC DESIGN/LAYOUT - **Benjamin Pearson**
 PRINTING AND MAILING SERVICES - **Walton Press**

www.waltonpress.com

The Club Insider News

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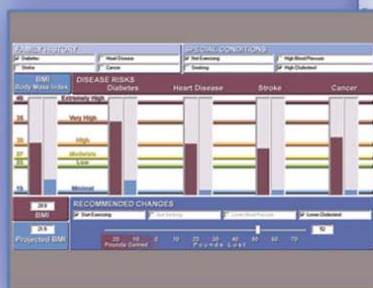
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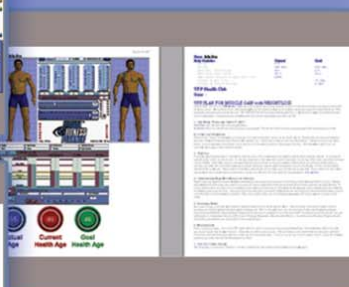
"We are extremely excited about the benefits to our customers' daily business functions that these features deliver," said Daron Allen, President/CEO of Visual Fitness Planner. "I truly believe that our technology platform sets the standard for the sales and marketing efforts of the health and fitness industry with a complete system for capturing and integrating members into a healthy lifestyle change."



Auto E-mail Function
Paperless Contract Generation
Automated Sales Summary
Complete Fitness Assessment
Member Education Platform
Lifestyle Calculator
Health Risk Assessment
Before & After Imaging



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Monthly Dues:	\$ 84.95 \$ 79.95
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...Greenmaple

continued from page 3

(a company that digitalized videos for Vint's company for over 2 years, until November 2006), and his new partner David Jensen then bought the web domains of Greenmaple Wellness.com and fitdv.com from a Bankruptcy Trustee.

The unfortunate bankruptcy of Greenmaple Wellness Communications, Inc. corporately and Shawn Vint personally late in 2006 precipitated this entire affair, but as you will soon see it was the actions of the former employee Chan, Jensen, and two other ex-employees of Vint's original company that resulted in what I consider one of the worst cases of greed and deception I've run across. This is based on the information made available to me from both parties to date.

In going into bankruptcy in January 2007, a transition resulted in a new owner acquiring the six-year old company with Shawn Vint, the Founder, now legally serving as employee. According to legal counsel by attorneys on Canadian law, Vint was fully within his rights to become employed by the company, Greenmaple Wellness, Inc. that emerged after the new owner, Julie Diamantakos, bought the assets of Greenmaple Wellness Communications, Inc. (More on this later in this article)

In addition to the two domain names acquired by Jensen Media, Inc. according to David Jensen, CEO and Founder, his company also acquired what he alleges were legitimate article archives and the Greenmaple Wellness Communications, Inc. trade show booth from the Trustee. Two out of the three items listed by Jensen are in still in question by the rightful owners of them, Liz Kelly and her group of writers, and Lynette Flynn. Kelly will affirm and Flynn states that: 1) the "real" archived articles have and will always be owned by each individual writer, as is established by longstanding agreements between the writers and Greenmaple Wellness Communications and now Greenmaple Wellness Inc. 2) the Bankruptcy Trustee also erroneously sold the Greenmaple Well-

ness trade show booth to the knockoff company because it was the sole property of Lynette Flynn, who was and is the owner as she had paid for it with her credit card and she has the receipt to prove it.

Should any upcoming legal contest between these parties prove that these assertions about the invalidity of the sale of the archived articles and the trade show booth by the Trustee be validated, that would mean that this bizarre e-business takeover was predicated principally on Jensen Media's acquisition of two domain names, domain names that the now employee of the knockoff company, Greg Chan, knew existed. As a former employee he also knew the renewal dates of these domains, where they were registered and how to access the DNS pointer settings.

Armed with these two web domain names, Jensen Media launched its own version of Greenmaple Wellness, daring to use that trade name and market identity. This was a classic case of cyberspace trickery.

The knockoff company, owned by Jensen Media, Inc., launched an all out online, phone and fax campaign to get the real Greenmaple Wellness's satisfied clients to switch over to their knockoff company. David Jensen argues that they were and are totally within their rights to have done what they have done.

But, after the bankruptcies, the company Shawn Vint had created continued on its online publication every month without fail, with him as an employee working along with the rest of the team for the new owner, Julie Diamantakos. They continued to serve their club and other industry clients very well.

In the opinion of this author, with little knowledge of Canadian law, but with assurances from Shawn Vint himself and assurances he has received from his own Canadian lawyers, Shawn Vint's role as an employee of the new company was and remains totally legal and completely ethical.

David Jensen of Jensen Media disagrees. But, this author believes he disagrees for more than one reason.

And, this author, after spending approximately 3 hours on the phone with Jensen, Greg Chan (former Vint employee) and Tina Lewis (former Vint employee) firmly believes that these people have effected a bogus takeover and that the REAL E-zine Magazine published by Greenmaple Wellness, Inc. is totally legitimate. And, this author believes that what Jensen Media has attempted to do is lower than deplorable.

After speaking with Jensen for almost two hours it is my opinion that Jensen's personal beliefs and anger about the fact that Vint's employment is illegal in Canada, were a significant cause of his efforts to attempt to, and again, this is my opinion, take away all of the Greenmaple Wellness, Inc. business clients. In my opinion, although on the phone the guy seems to be an astute businessman, I think that David Jensen has let his anger cause him to have a vendetta against Shawn Vint and his fiancée, Lynette Flynn, personally.

During our lengthy conversation, David Jensen repeatedly conveyed his disgust with Shawn Vint's continued involvement with the business Vint had founded after he and the business filed for bankruptcy. He continued to express repeated disgust, even though it was clear to him that Vint's Counsel had told Vint it was perfectly legal in Canada. Jensen seemed personally and deeply offended by Vint's employment by the new company, the real company, Greenmaple Wellness, Inc. I believe that resentment stemmed from the fact that Jensen had been working on this takeover plot for more than one year in cooperation with Greg Chan, who was employed by Vint during that entire time. Jensen seemed intent on taking out his deep anger on Shawn Vint and his fiancée Lynette. Moreover, during our conversation he repeatedly expressed multiple "innuendo" comments about Shawn's personal behaviors in the past involving Vint's nasty divorce. It is my true belief that David Jensen really does not know Shawn Vint at all, but is angered because Vint is squarely in the process of flatly defeating the takeover

plan he and Chan had concocted.

But, perhaps the comments made by Jensen during this lengthy interview illuminates the real motives of David Jensen. I asked him, "What are your motives for doing this David? Revenge against Shawn Vint and Lynette Flynn or do you think you can make some money at it?" Jensen then launched into a lengthy explanation of his opinion of Shawn Vint's management when Vint still owned the now bankrupt company. He explained that he "saw a real good business opportunity where he could make \$200,000 or more per year or more in profits, IF he was able to use the domain names to contact all of the Greenmaple clients." I took notes very carefully. And this comment was very illuminating to me. In short, this single comment gave me real reason to believe his real motive could be summed up as meaning: "he wanted to make a fast Canadian buck."

Part of David Jensen's vehemence expressed against Vint was rooted in his anger that a woman who formerly worked for Vint and had been fired and not paid all that she believed was then due to her, was part of the mix with the \$200,000 profit potential in his mind. But, this woman's claims for the amount of \$30,000 was abandoned on November 25, 2006, according to a copy of the Court document from the Ontario Superior Court.

It is also my opinion that Jensen did not know the entire history of his own new employees, Val and Tina Lewis, when they were at Greenmaple Wellness with Vint. Shawn Vint also has informed me that he had employed Jensen's firm for two years for the conversion of videos to electronic files for use on their E-Zine Magazine, at the rate of \$166 per month. It was Vint's employee, Greg Chan's role to drop off the videos each month. Vint explained, "In the beginning, Greg Chan would leave our office 15 to 20 minutes earlier to drop off the videos at Jensen Media for production on his way home. Vint recalls that as time passed, Chan began leaving the Greenmaple offices earlier and earlier

to drop off the tapes." Vint continued, "By the Summer of 2006, strangely and for no apparent reason to me, David Jensen started coming by our office. He'd say something like, 'I was just in the area and thought I'd just drop by and say hello.' Vint says that Jensen did this four or five times over a period of months. To this author, this was very strange behavior for a 20+ year entrepreneur who was receiving just \$166 per



Shawn (R) and son, Ben

month from the company he was just dropping by because he was in the neighborhood to see. Since Jensen Media's account with Greenmaple Wellness was for services billed at only \$166 per month, it now seems clear to me and it is my opinion that Jensen's visits at Greenmaple Wellness were "scouting trips" whereby his purpose was to learn all he possible could about Shawn Vint's business in person in preparation for the execution of his plan, an effort to take this business over, an act it appears to me they began to execute on May 10, 2007. That was the day that Greg Chan resigned from Greenmaple Wellness. And, on the same date, November 10th, 2007, Val Lewis brought a wrongful dismissal lawsuit against Greenmaple for the supposed compensation she had not received during the last portion of her employment at Greenmaple.

Shawn Vint counters that due to what he calls the "Val Lewis Mess", the accounting firm of Taylor Leibow had to be retained at a cost of \$3,500 dollars. They presented Vint enough evidence of poor bookkeeping habits that it was recommended that

(See *Greenmaple* page 12)

Can Your Staff sell at Higher Prices?

By Jeffrey Masden

Can your staff sell at higher prices? If you are an independent club owner, a YES answer is crucial for your continued success! As the landscape changes in our industry, we are going to witness an increase in the low price providers (i.e. Planet Fitness), and the low to mid price point big boxes (i.e. LA Fitness). Where does that leave the one to two club operator? As an independent club in order to compete you will have to differentiate yourself from the above as a "professional club" and sell on the professional experience of value, services, and most importantly, results. In most cases to achieve this you will have to have the amenities and programs that the above don't and your price point will need to be higher. Is your staff capable of selling at higher price?

Why is the membership representative who properly handles every other

aspect of the sale so embarrassed when it comes to talking price? I have found that there are two main reasons for this: 1) The lack of specific training or dealing with price and 2) The sales person's belief that the price is too high. Price is more important in the membership representative's mindset than the prospect's mindset.

As we try to sell at higher prices we need to address the core of this problem: the membership's own belief about the value of their product in relation to price. A way to combat this problem is to help membership see the value of the club through the eyes of the prospect. Membership rarely tries to justify the price of membership with the benefits of the club and its services. The fastest way to obtain a second class price on a first class product or service is to be unable to explain why it yields first class benefits. An exercise to do with your staff; have them write a list of the benefits (not features) that

your club offers and THEY offer to the prospect that creates value in your club and offsets the price objection. If you can't explain in words why your club is worth your asking price.....Then it isn't!

When membership demonstrates anything less than 100% confidence on issues of price, they create doubt in the mind of the prospect. The prospect may begin to wonder what the product is really worth. As a professional club your message has to be one of value and results with your overall positioning and selling strategy. There is good reason that your prospect should be willing to pay a premium for your club. Does your staff know those reasons and can they verbalize them? The moment you start to discount price you begin to undermine the competitive advantage you have worked so hard to achieve and need to compete against the chains. The way that membership handles price is to reinforce everything

else your club does in terms of marketing and positioning your club. That's because price and how you present it speaks volumes about your club and organization.

What percentage of your income comes from membership sales and from personal training? What percentage of your time is spent on sales training for your staff and trainers? Getting full price is like anything else in selling; it requires regular study and practice until your staff develops the confidence it needs to make it a force of habit. It's up to you to make sure your staff reinforces that strategy throughout the selling process. The idea is to get them comfortable with saying the price as they would be telling the time of the day.

As an independent club owner I feel it is imperative in order to compete that your staff is in a position to be able to sell at higher prices. In order to compete in the future you will have to be a professional club with profes-



Jeff Masden

sional training, professional weight loss and professional group exercise, to name a few. Your pricing structure will have to reflect that. Are you comfortable that your staff is confident in its ability to ask for higher prices? Again I ask you.....will your staff be able to sell at higher prices? (Jeff Masden is a key-man with the team of Sales Makers along with Ray Gordon and Eddie Tock.)

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...Norm's Notes

continued from page 4

This segment of her visual aid presentation reminded me of charts I've seen in the past showing the rage of plagues that have hit America in the past. Dr. Richardson is **Vice Chairman of the President's Council On Fitness and Sports** and serves with our friend, **JERRY NOYCE**. In her question and answer segment I asked Dr. Richardson if she could team up with Jerry Noyce and contact **Health and Human Services Secretary MICHAEL LEVITT** to urge him to have his recently appointed four-member panel expedite their production of the new American Guidelines for Physical Activity, now scheduled to be completed by the end of 2008. She responded that she would make that effort.

• **DR. IAN SMITH, ACE Board Member**, is the author of the new book, **"The EXTREME FAT SMASH DIET"** that followed his first book: **"The FAT SMASH DIET"**. He also is the man behind **The 50 Million Pound Challenge**, an historic opportunity for **African Americans** to come together against a growing health crisis. The challenge, sponsored by **State Farm Insurance**, is for America's African American population, a group who are highly likely to be suffering from obesity, to collectively lose 50 million pounds and reduce the very real risks that being overweight poses to their community. The total weight loss to date with this new program is: **293,307 pounds**. Dr. Smith spoke about the challenges all Americans face against obesity and what he has been doing to help. Additionally, he fielded a number of interesting questions very well. Go to: 50millionpounds.com to learn about the program and in particular, view the excellent 34-page guide shown on the State Farm Insurance Sponsored website. These were just a few of the presenters at Club Industry East. If you were there you probably learned a lot, just like I did. If you weren't, I wish you were.

• In Orlando, **MARIA PARRELLA-TURCO** of **New Paradigm Consulting**, shared the exciting pre-sales success of **BOB CARPENTER's** and **ROGER RALPH's** new mega-club complex, **The Hockassin Athletic Club**, has achieved. The club opened on Monday, June 11th with 4,000 memberships and 11,500 members! Those are amazing pre-opening membership numbers on any scale. Congratulations to Bob, Roger, Maria and **CHRIS PACIFICO** and their sales team on a great start. I expected nothing less from Bob and Roger, two long-time industry leaders and veterans. They meticulously planned this club and throughout the construction

period, they were assembling their entire management team. I've reported on some of those staff members in previous NOTES. Every detail was considered by Carpenter and Ralph. And clearly, they chose well when they selected Maria's New Paradigm Company for the pre-sales and post-opening membership marketing and sales effort. In addition to providing consulting expertise to many clubs in the U.S., Maria has also been the leader in the development of **FitRewards**, an excellent rewards and loyalty program that binds members to clubs. Check out: fitrewardsclub.com and incentiveselections.com for information on how you can employ these programs to make your club memberships more valuable, increase member loyalty and cause more and more new member referrals.

• I had the chance to catch up on the phone this deadline week with the one and only **THOMAS PLUMMER** of the **Thomas Plummer Company** and a leading member of the new **National Fitness Business Alliance (NFBA)**, a consortium led by **IHRSA** and Thomas Plummer that is supported by 17 terrific companies. These leading companies sponsor the NFBA Tour – a 24-stop nationwide club learning seminar program and believe me when I say you get your money's worth with this program. **NIKKI LAYKE**, the lovely, is the **Director of the NFBA**. Not only do you hear from the incredible teacher, Thomas Plummer, you will hear from several others, as well. I've gotta tell you folks, like I told Thomas in our recent phone chat. When this new organization was announced last year I was totally thrilled to see one of, if not the best group teaching consultants in the business, Thomas Plummer, more closely aligned with IHRSA to produce these great educational opportunities for independent club owner/operators. Check out the article/interview with Thomas starting page #3, and the ad for Thomas' book series on page #25.

• Please check out the **NFTJ/IHRSA Club Business ad** on page #29. And, please make plans to be in Las Vegas September 4-7th at the super-duper **Rio Hotel and Conference Center** for the **National Trade Journal/IHRSA Club Business Conference and Trade Show** when **THOMAS PLUMMER**, **MIKE CHAET** of **CMS International** and **PAUL BROWN** of **Face2Face Systems** will be keynote speakers.

• **JOYCE FREEMAN, DREW CHESLER** and **BARRY FIELD** were unanimously elected to the **Board of Directors of the Gold's Gym Franchise Association**. These three will join the GGFA Board of Directors on July 1st when GGFA Board Presi-

(See Norm's Notes page 10)



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...Norm's Notes

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dent **JOHN BURRIS**, **JERRY McCALL** and **Dr. JEREMY LOWELL** finish their terms. **BLAIR McHANEY** and **MIKE EPSTEIN** are the incoming **President** and **Vice President**, respectively. Other continuing GGFA Board Members are **DOUG PEARSON**, **Secretary** and **GOR- DON JOHNSON**, a member of the **Gold's Gym National Franchise Council**.

• **DAN BLOCK**, the owner of **InTek Strength**, told me at the **Club Industry East Trade Show** that he had his 3rd back operation and from seeing Dan there, I can report that he looks super, the best I've seen him look for several years, and he seems to have gotten his serious back issue under control. Keep at it Dan and best wishes for a continued and excellent total recovery!

• Last month I urged all of my readers to send me a "You crashed, Norm!" email anytime you find a mistake I've made in an issue. Well, in Orlando, my friend, **BRUCE CARTER** of **Optimal Designs International** and **Founding Member** of our new **International Alliance for Life**, kindly informed me that I had left his name off the cutline with the Alliance mem-

bers names that appeared below the photo of the **Alliance Founding Members**. **Ouch!** But, for the record, I've now inserted Bruce's accidentally omitted name into that cutline and the photo and cutline appear below. My apologies Bruce and again, **Happy Birthday JOHANNA!** And, **STAY TUNED** for more news on the International Alliance for Life developments in our July edition. All involved want ALL of you to be with us one day!



International Alliance for Life - Founders
(L to R) Casey Conrad, Rich Boggs, Michele Melkerson-Granryd, Bruce Carter, Donna Krech, Denton Smith, Lynette Flynn, Shawn Vint, Fred Elias, Daron Allen, Norma Jones & Norm Cates, Jr.

• **Lifestyle Family Fitness** is now in its second year offering a free, two-month membership to youngsters, age 12 to 17, at its over 50 locations in Florida, Ohio and North Carolina. This is a terrific effort to reach out to youngsters in those markets and get them moving this

Summer to help in their fight against the obesity pandemic. Geoff informed me that LLF had **3300 teens register in the first month this year vs. 2200 thru August 31st last year!** So, these numbers should give all of you an idea of the huge potential this program would potentially have on the youth of America and around the world if thousands of commercial clubs became involved. My feeling is that **GEOFF DYER's LFF** company, by doing this, is

setting a standard that all clubs could easily emulate across America and around the world. That's why I think this is a **job for IHRSA**. I do hope that by next Summer, our industry will unify behind Geoffrey and other club operators who are doing this and do it themselves. This idea, if and when consolidated into a nationwide movement by IHRSA, could well be a big factor in attacking obesity in America, from the youthful end. Importantly, every single one of us should realize

that **childhood obesity now is a feeder system for adulthood obesity**. But this is a huge first step. That's because if you can attract kids and get them out from in front of their computers and TV's to your club everyday during the Summer, a time we all know club traffic drops, two months is definitely enough time to change their habits and help them build a new lifestyle with the true habit of daily movement and activity. It could become contagious. There's no telling how many lives this idea could save worldwide over the next 10 to 20 years. And, there's no telling how many adult memberships this could lead to over the same period. **Congrats Geoff and LFF Team on a terrific opportunity for kids! And, congrats to all of you others that have been and are doing it! You're all leading the way!** And, it's not too late to start today! You should have received this edition by the last week in June. That will give you time to start today and get moving on this idea for the two remaining Summer months of July and August by offering kids free access. The upside of this for your clubs would be multiple: a) more awareness of your club by their parents; b) building of loyalty by these kids for your club as one day they will grow up, get a job and then could join your club and pay dues and fees; c) word-of-mouth, new member referrals in your community. If there is an overweight or obese kid in the neighborhood who, over a

period of two Summer months changes into a much slimmer, happier kid, there's no way the neighbors and other kids are not going to notice this as it happens and talk about it later this Summer when they see this transformation in the kid, thus more word-of-mouth exposure for your club; d) exposure this Fall of the kids in your program to his teachers when he tells his teachers, who will surely ask what happened to him, that "I lost it at the club!" e) America will benefit more than anybody could ever imagine right now. **STAY TUNED!**

• **SHERRY ROBB**, co-founder of **MarketMyClub.com** with her husband, **RON BUDDO**, has produced and released an amazing new, tell-all book with 224 pages filled with marketing industry trade secrets entitled: "**How To Market Your Club - The Essential Owner's Guide**." This new book should open many new doors for your club in the world of club marketing and is available online from this Canadian company at: **marketmyclub.com**

• **JIM SMITH**, one of our cover-story subjects in **The CLUB INSIDER News** a few years back, has reportedly ceased publication of his excellent, long-time-running: **Club Success Newsletter**. It is my understanding that Jim will continue in business with his club marketing division and I wish him well. Jim, over 20 years now, has produced one of the best educational publications in this industry and it will be greatly missed. Many of his excellent contributing authors have pitched in here at **The CLUB INSIDER**. We thank Jim, his staff and his author team for their dedication, hard work and truly great contribution to our industry over a long, long time. **STAY TUNED.**

• **God bless our troops, airmen and seamen** as these brave men and women risk life and limb everyday for all of us in Iraq and the Middle-East. **God bless their families** for the sacrifice they make for all of us. **God bless** the citizens of **IRAQ** as they deal with daily death and destruction from suicide bombers. **God bless** you and your family. **God bless America.**
- Norm Cates, Jr.

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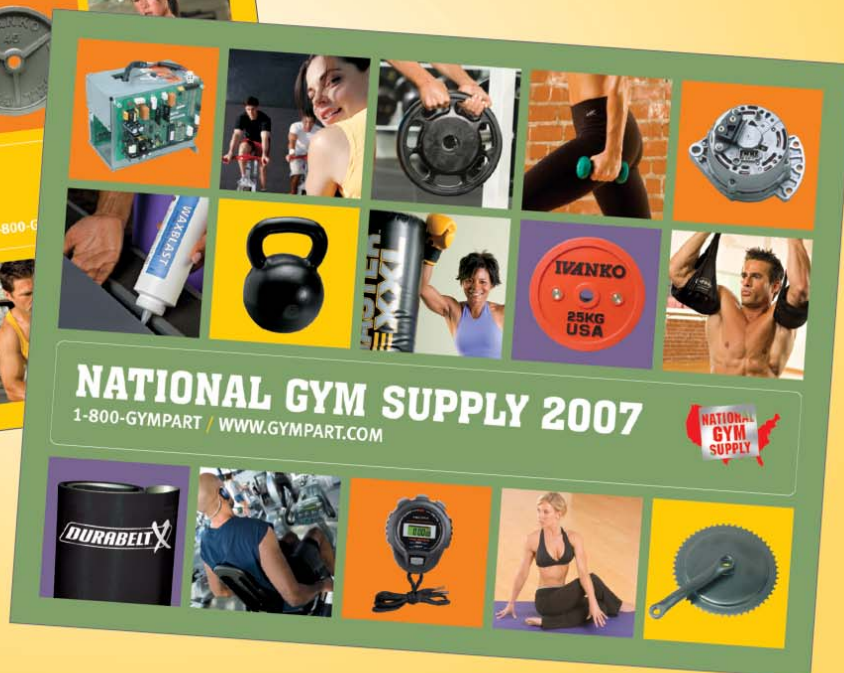
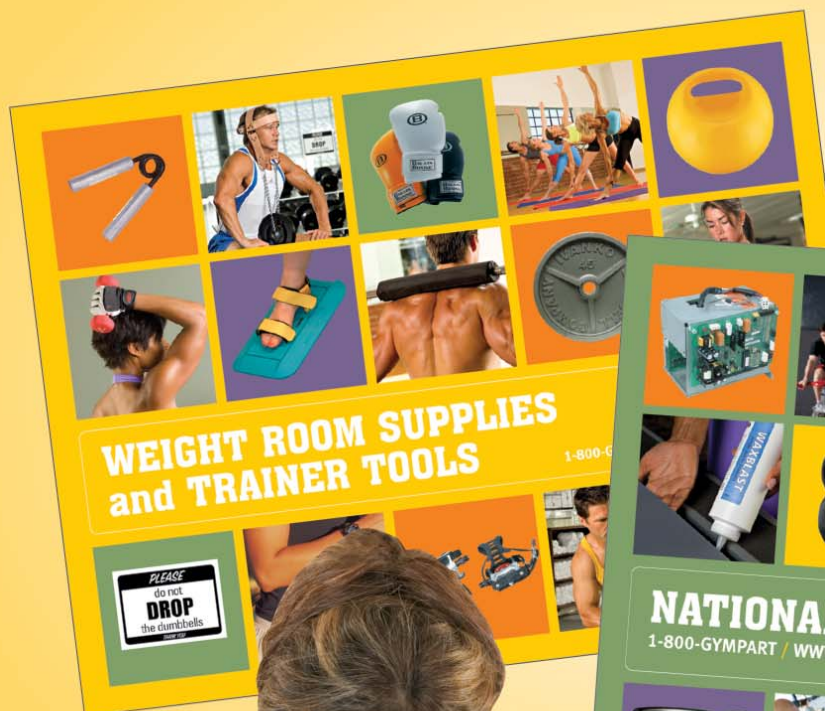
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...Greenmaple

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her employment be terminated.

There are other allegations of willful wrongdoing by the mother-daughter team of Val and Tina Lewis, such allegations that the mud that they have tried to throw on Vint pales in comparison. Suffice to say that records indicate clearly to this author that Tina Lewis, in her role as salesperson for Greenmaple Wellness Communications, received much more in pay from that company than she ever sold for that company. I don't know of many club owners who wouldn't terminate a salesperson for that kind of persistent poor performance.

Vint's and Greenmaple Wellness Communications unfortunate bankruptcies came on due to the combination of these staffing issues and heavy penalties and interest that continued to pile up on the employee payroll tax debt from those first few months of business five years before, combined with the unfortunate financial circumstances associated with a very difficult divorce Shawn was going through. As the sole Director of Greenmaple Wellness Communications, Shawn had put forth a proposal to avoid bankruptcy, both personally and for his business. Both of these repayment proposals were turned down by the Canadian Tax Department. This placed both Shawn and Greenmaple Wellness Communications automatically into bankruptcy.

Shawn shared this very personal experience with me in January, 2007. I realized then, as Shawn went through all this, how difficult of a time this was for Shawn and his now fiancé, Lynette and the team that stayed on. When Shawn explained that his company had been bought out of bankruptcy by Julie Diamantakos and that Shawn had been told by his lawyers that he was legally able to stay on as an employee, I was happy and relieved. I was happy especially because I realized clubs would still be able to receive this excellent Green Maple club-differentiating service. I felt comfortable in January when

I first learned about all this and I feel comfortable today saying to you that the REAL Green Maple Wellness E-Zine will continue on under the new ownership and with Shawn Vint as an employee.

For some reason, David Jensen, a 20-year, self-employed business entrepreneur, decided that it would be easier to just purchase two domain names and attempt to take over the entire client list of Greenmaple Wellness, Inc., a legitimate Canadian Company, than to start his own E-Zine Magazine. His employees tried very hard to abruptly take over the clients that Shawn Vint and his Team had worked so hard for five years to bring on board, rather than start up a new, legitimate, newly named and branded company. Go figure. I think sometimes anger and vendettas can make a smart person dumb.

Reviewing my notes and reflecting back on the long phone conversation with Jensen yesterday, I do believe he viewed this as part of his overall formula and how he was going to make \$200,000 per year from these two \$18 domain names. Jensen flatly stated to me in our phone conversation, while sitting next to Greg Chan (Vice President) and Tina Lewis (sales rep for Jensen Media) listening on a speaker phone what his plan was. From his very clear comments it is also my opinion that this was merely Jensen's plan from the beginning and that his preparation began way back in the Summer of 2006. It is also my belief that David Jensen, Founder and President of Jensen Media, Inc., clearly concocted this master plan in his mind so he could save time and marketing costs and more rapidly get on with making that aforementioned \$200,000 per year profit. Again, just my opinion. But, it does add up. I believe this will be proven in Court.

In mid-May, and for two weeks, this splinter group, assembled by David Jensen, almost succeeded in pulling off what in this reporter's opinion, was a huge unethical deception on our North American health, racquet and sportsclub industry. In my opinion, they fraudulently attempted to, and al-

most convinced Greenmaple Wellness, Inc. clients that the fake, the copied online magazine they were putting out was the same as the Greenmaple Wellness, Inc. E-Zine Magazine that had been delivered to them for the past 6 years. In essence, it's my opinion that they attempted to take the Greenmaple Wellness' trade name, a growing brand name with ever increasing name recognition our industry and an operation owned by Julie Diamantakos that was in daily operation and progress with Shawn Vint and several others as an employees, and portray it as a wholly owned property of Jensen Media, Inc. They were claiming that they bought all of the business out of bankruptcy when it was still in operation under new ownership. In fact, the only thing they clearly and without dispute, bought was two domain names: greenmaplewellness.com and fitdv.com

Allegedly, during their all out raid, they told all of the clients, perhaps some of you reading this report, that they bought the company out of bankruptcy, NOT that they bought just the two domain names for the company, some disputed archive articles and a trade show booth that Lynette Flynn owns that was sold to them improperly by the Bankruptcy Trustee. Additionally, Shawn Vint alleges that Jensen Media have defamed him personally in their communications.

In essence, David Jensen seems to have attempted to take over a whole company with two web domains originally costing \$18 each. Just my opinion. Sounds like sport for Jensen to me. That, as well, is just my opinion.

The absolute truth about my studied feelings be told, it is also my opinion that somewhere and somehow along the way, Jensen Media may have obtained Greenmaple Wellness' entire database client contact list. Greg Chan, when asked the question: "How did you get the contact information for the Green Maple Wellness, Inc. clients?" said they had gathered all of their data from web domains accessible to everyone. HMMMM. But, that HMMMM is just *specula-*

tion on my part and my studied opinion only. Certainly, at this time, this is not a fact that I can prove. But, actually, IT all adds up. So, my HMMMM might be unwarranted. If it is unwarranted though, then WHY would Greg Chans' video drop visits over one year to Jensen Media become longer and longer? If it is unwarranted, WHY did David Jensen begin his "drop-in" visits to his \$166 per month client? Was it really because he was just in the neighborhood? "Just in the neighborhood visits 4 or 5 times?" If my HMMM is unwarranted about this whole nasty mess, what about your HMMM? Makes you think, doesn't it?

But, I have a good feeling about Shawn Vint. I'm biased here because he is not just one of my advertisers. He's my friend, just like

Greenmaple Wellness contracts. In my opinion, Jensen Media, using two domain names and possibly bogus and potentially labeling articles that could bring legal action against clubs and these three former employees, tried very hard to unrightfully take away all of the six-year running businesses clients of the new and REAL Green Maple Wellness, Inc. using electronics, telephone calls and faxed messages.

I addressed the allegedly bogus articles being used by Jensen Media to assure myself that you club owners were not at risk because of his actions. However, David Jensen, asserted in our conversation that "the only issue with copyright articles involved two sentences in a Forbes Magazine article that we've addressed with



everyone of my other advertisers. And, when someone attacks my friends in this industry in any way, especially when it's someone I have grown to really know and trust, like I have Shawn Vint, I do not take it lightly and I do not shy away from any fight. I know Shawn Vint is a tough, tough cookie and a real fighter. (And, a former firefighter - turned entrepreneur) and a brave young man. And, I think David Jensen bit off way more than he can chew when he took on Shawn Vint. I believe that David Jensen is facing a real good whippin' on this one. I'm gonna help Vint whip Jensen and his Jensen Media co-horts by helping keep you all informed. Be patient with my updates in coming months because I'm not gonna let this go. It is too significant for our industry and for the real Greenmaple Wellness' future. So...soon David Jensen will know what he is up against.

According to Shawn Vint, this Jensen Media Greenmaple Wellness spinoff company agreed and informed the current clients of Greenmaple Wellness, upon contacting as many of them as possible, that they would honor all of their original

Forbes Magazine." Jensen added that "Forbes has give them forgiveness and a release on this issue." I believe the record will show that Jensen's statement to me was patently false.

It was of great concern for this author initially that clubs might be at risk because of the acts of Jensen Media, Inc. violating copyright infringements and/or plagiarizes when they placed this semi-replica E-Zine Magazine onto the club websites and sent it to the clubs' members via internet. David Jensen says that there is absolutely no risk of any prosecution for clubs due to their first issue. My question then is: "Is he correct?" Can our industry really relax about that one? I doubt that greatly.

In contrast, there are no issues of copyright infringements or plagiarized articles, and there have never been any with the original Greenmaple Wellness Communications, Inc. or the new Greenmaple Wellness, Inc., where Shawn Vint is now employed. That is because the company continues, until this day, to employ a licensing agreement with Ms. Liz Kelly, an author and also owner of

(See *Greenmaple* page 14)

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certain article archives that she in turn, has licensed for three-month periods to Greenmaple Wellness, Inc. for online publication. She, at her and the other writer's sole discretion, continue to grant the rights for all articles older than three months to Greenmaple Wellness Inc., not Jensen Media. So, this reporter has total confidence that copyrights are not an issue for those of you who are clients of the real Greenmaple Wellness, Inc. today or in the future.

However, I am of the opinion that the other side, that Jensen Media and their knock off E-Zine Magazine might not be so comfortable. I think their comfortable feelings expressed by Jensen to me of no copyright violations for them or clubs from their first edition, is not such a sure thing as Jensen portrays. As a club owner, I would be wary if I'd been switched by them. And, I'd immediately switch back to the real Green Maple, Inc., the company that is the employer of the former owner and always will be, Founder, Shawn Vint.

Sometimes, being an entrepreneur can be really tough. You have an idea and you nurture it. You sacrifice for it. You basically put your life on hold for it every day, as you pursue your dream. As entrepreneurs we know we

shouldn't, but our idea often becomes a part of our personal identity. When the idea is taken from us, or it dies, a part of us dies along with it.

For Shawn it was no different. He felt he had let his friends down. They were long time friends, firefighters with whom he had served and that had invested in his idea. And, he felt he had let his peers in this industry down. He was going through the very tough feelings of failure that any one of us would have had under the same circumstances.

However, there were two bright spots for Shawn.

First, the purchaser of the assets of Greenmaple Wellness Communications, Julie Diamantakos, liked the business model. They wanted to continue to provide the same kind of quality wellness content to the clients that were already receiving the REAL Greenmaple On-line magazine. This removed a significant burden for Shawn Vint. Obviously, he wanted his dream to continue. But, Shawn also hoped that the many clients he had spent years building relationships with wouldn't be affected or lose their Online magazine that many clubs may have used as an excellent sales tool and may have promised to their members when they bought a membership. The new owner enabled Shawn

to continue to have a hand in his dream. Shawn was hired as an employee of the new company to help evolve the products and services to a level beyond where they had been under Shawn's former ownership.

The second important aspect of all of this revolves around his fiancé, Lynette Flynn. Lynette had put over \$100,000 AUS dollars (\$88,000 U.S.) into Greenmaple Wellness Communications before it went bankrupt. Clearly, that's not something one is likely to do if they are involved with someone that is premeditating going bankrupt, another claim coming from the wannabe knockoff company. Moreover, this lovely lady has agreed to marry Shawn Vint on June 28th 2007. That's a great thing for both of them.

Lynette Flynn, with extensive club industry experience in Australia, had played a vital role over the past few years in taking the creative ideas that were Shawn's strength and wrapping those ideas in sound business strategies, planning and staffing in order to make them profitable. Shawn and Lynette were and are doing this for their future together. Lynette, being an Australian citizen and with her Canadian immigration status still in the paper mill, is unable to earn an income in Canada. Hopefully in the next 6 to 8 weeks the immigration process will be finalized. Lynette too, at the time of completion of the immigration process, will have a paid place of employment at Greenmaple Wellness, Inc.

How would you feel if you were Shawn Vint? Betrayed? Violated, like you've just been robbed? Numb? Now add to those feelings of sickness defamatory comments about you personally, made by Jensen Media people, including David Jensen to me by phone on June 13, 2007 and a deliberate twisting of the truth that seemed to suggest that Shawn's attempts and struggles to make a unique business model succeed were somehow tainted by evil motives and actions.

For Shawn and the rest of the team at Greenmaple Wellness, Inc. this could have ended in disaster. A few things prevented this. And,

your help as a Greenmaple Wellness client was a big part of this prevention and is still needed.

Finally, and most importantly to you as my reader and a club person, Greenmaple Wellness, Inc., and Shawn Vint as the original owner and Founder and now an employee, have developed a level of trust with their clients that the vast majority of people in this industry have come to respect. Good people attract good people. In fact, in our July, 2006 edition, I featured Shawn Vint and Greenmaple Wellness Communications as our cover story subject. At that point I had watched Vint's fitdv.com, and then renamed to Greenmaple Wellness, progress for *four years*. I had gotten to know him well from trade shows, on the phone and through frequent emails. I developed a clear trust in Shawn Vint as a honest and good person and up and coming young businessman. I still trust him completely. I also feel real bad about what he and Lynette and their team have been put through by David Jensen of Jensen Media and these three former employees.

Please let this Greenmaple Wellness report be a warning call to you and all club owners that you need to be diligent in protecting your club information technology. It is a vital component of your business and we've just read about the kind of damage that can occur if you fail to protect this asset and somehow unscrupulous people get their fingers on it.

Greenmaple Wellness, Inc. wants to thank the entire industry for the tremendous support that they've received during this period. Supportive phone calls, emails and faxes have been coming into Greenmaple Wellness offices since this began. The support communicated by those who've contacted the real Greenmaple Wellness team throughout all of this has done wonders to boost the spirits of a quality group of individuals who certainly didn't deserve the attempted business takeover and smear campaign to which they've been subjected.

If you are a Greenmaple Wellness, Inc. client of the real company who

was talked into switching to the fake, knock-off company and haven't directed your Wellness E-Zine back to the real Greenmaple Wellness, Inc. version, please call the team at Greenmaple Wellness today. It is a switch that will take just two minutes and will result in your members receiving the same quality, family focused articles and fitness tools that they've come to know and love.

If you are a club owner/operator, but are not yet a client of the real Greenmaple Wellness, Inc., please consider Greenmaple Wellness as a *very unique, "out-of-the-box" way to truly distinguish and establish more prominence for your club* in your market. The REAL thing, Greenmaple Wellness, Inc., the company that now employs Shawn Vint, is a company you should consider aligning your club with. And, the cost for this excellent service for clubs is amazingly low, considering the service you and your members will receive.

Your members will benefit from reading the real and monthly Greenmaple Wellness E-Zine and they will tell their friends. And, they will pass articles on to their friends. Thus, a great benefit to your club is that your new membership referral business will grow. And, over time, you will see a higher retention rate for your membership.

My hope is that if you are not now onboard with Greenmaple Wellness, Inc., the REAL company, that you will call them at their toll free number is 1-888-355-1055. And, be sure to check out the Greenmaple Wellness ad on page #15 of this CLUB INSIDER News June, 2007 edition.

(Norm Cates, Jr. is a 33-year veteran of the health, racquet and sports club industry. Cates was the Founder and is the 14+ year Publisher of The CLUB INSIDER News. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

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he would meet my now 29-year friend, Rick Caro. They connected in New York City last Fall and now GymTicket.com is rolling across America. Howard has founded and built 3 internet-based companies in the last 7 years, driving hundreds of millions of online transactions.

GYMTICKET.COM

GymTicket.com signed up 1,500 IHRSA clubs within 60 days after the March San Francisco IHRSA Convention—where it launched. It is delivering thousands of leads a day for clubs. It does it using proven techniques to rise up to high levels of ranking on a variety of search engines. Using search engine optimization, it comes up high in the lists when an individual is searching for a club online. There is a real science to moving up on the search engine lists. So, clubs can get the benefit of the expertise of how to do this without taking any risks. Howard and his team have extensive experience that they are now bringing to the club industry.

Despite the sometimes annoyance of banner ads and pop-up ads, the GymTicket.com executives can buy such ads on a variety of sites at affordable prices. These often lead directly to club leads. However, even large club companies cannot afford to buy these expensive ads even regionally.

Clubs can buy direct mail lists and send oversized postcards or letters in envelopes. Now, GymTicket.com

can buy in bulk email addresses. Because no one knows the actual street address of an email address, no club company can afford to buy such addresses. However, GymTicket can buy them nationally and market to them for clubs. This is a value of national buying made available to clubs at a cheap rate.

Clubs only pay when an online visitor provides key information and selects a local club to visit. Clubs pay a minor fee for a lead. They pay no upfront costs and do not sign long-term contracts. This is the ideal formula that many members want at your club.

GymTicket was not sure that it was attracting really interested prospects to its site. So, it undertook research prior to the IHRSA Convention. It found that 92% of the leads who contacted their site intended to join a local club within 60 days of responding to the online ad. They tested their online advertising with a select number of club companies to see if it would be effective. This includes single clubs in urban and suburban areas, medium-sized club companies, high-priced and low-priced clubs, start-up and existing clubs, special niche clubs (hospital-based, women's-only and express clubs), franchises vs. owned clubs, growing vs. declining clubs and athletic vs. fitness-only clubs. All turned out to be able to benefit from the GymTicket leads.

The prospects are attracted to the site and provide their name and the address from where they will travel to go to a club. This may be a home address, but—in some

cases—it would be an office address. Then, they have to provide a telephone number and an email address. They then proceed to a list of clubs in their local market. They select one based on proximity and the description of the club. The individual receives an email confirming his selection of a club. The club gets an immediate email with all of the vital information about the prospect.

I recently tested GymTicket.com as a consumer one day. One early evening in mid-May I went to the GymTicket.com site and clicked on two clubs near my home. The first one was the Midtown Athletic Club,

GymTicket to figure out its "look" and its geographical market definition. Some suburban clubs elected a 5-6 mile radius, which would increase the prospect traffic, but it may lessen the closing ratio. I think this should be carefully considered by the club when signing up with GymTicket. Others use a tighter radius of 3 miles. I highly recommend the tighter radius because in many metro cities like Atlanta, a 5-6 mile radius can easily equate to a 45 minute, even one hour or sometimes more, drive. Some don't use a perfect circle because of a natural geographical barrier that people will not cross to come to the club. Downtown

cool or cold. In fact, the prospect may have actually joined a club over the weekend. In my opinion, GymTicket.com can deliver the new leads you seek. But, it's really up to the club to see to it that the lead is followed up on rapidly, preferably within minutes, certainly within hours, but definitely not days, from the time it was generated. Like all leads, the follow-up speed on leads is very important for all clubs. Otherwise, it is clearly possible that some of the leads generated will be converted to membership at your competitor's club, a club that might be on the GymTicket.com program, or not.

Another lesson is to



formerly the Sporting Club at Windy Hill. The very next day at 9:45 a.m. I was contacted by Ms. Cyndi Stanford, a Membership Counselor for the mega-club. I thanked her for her prompt response and explained that I was conducting a test for the purpose of this article. She was very professional and gracious when I explained what I was doing. Five days later, while I was out of the office, I received a phone message on my voice from a membership staff person named Mike at the Crunch Fitness location, the second location I clicked on for my little test.

GymTicket.com is one of the best, if not the best, new membership lead generation tools I've seen in 33 years in this industry. It's very easy for a consumer to use, as I proved in my test as a consumer from this desk. Clubs can customize their description with a brief summary of their club's facilities and amenities. It selects an indication of the range of its price point to help the online prospect. It generally offers a free visit (or, in some cases, a free tour). Others may elect to highlight a current promotion going on at the moment. The more customized, the better fit for the prospect.

Clubs can work with

urban clubs may use a radius of ½ mile or less.

Importantly, the market definition aspect, among others facets of GymTicket.com, contains our friend, Rick Caro's 34-years of experience and vast expertise in the field of club market analysis and definition. Keep in mind, with GymTicket.com your club is receiving built in and with minimal cost to your club, the benefit of Caro's vast experience and expertise in this realm of membership marketing demographics. This is very important stuff in the world of club membership prospecting and valid lead generation for your club.

IDEAL CLUB METHODOLOGY

Many clubs have realized that this type of prospect is searching online right now. So, calling him or emailing him within minutes of receiving the email contact works best. One lesson some clubs learned that having whoever is available on the sales team at that moment follow up immediately is ideal. In some cases, if a lead is sent to a certain sales staff member (who works Monday-Friday and has left by 6PM Friday) who does not see it until Monday, the lead could be

be sure that when you call the prospect that you tell him that you realize he has been searching on GymTicket. This actually makes the prospect more comfortable to know where you got his name. When clubs have left out the "GymTicket" name in their phone follow-up, the prospect gets defensive and suspicious that you may have gotten his name inappropriately. It can be a far more effective first call than the typical telephone inquiry call. He is much more motivated to show up for a visit to the club.

Leads are preliminarily scrubbed for their telephone numbers and email addresses before they are sent to clubs. So, the club sales team is receiving "real" and what I would characterize as "hot" leads. But do remember, they may not stay "hot", for long.

Some clubs have chosen to decrease or even cancel their Yellow Pages and Yellow Book spending since many local residents are searching exclusively online rather than consulting a telephone directory. It is interesting to note that there are some 20 year olds who have actually never seen a yellow-colored telephone (See *GymTicket.com* page 18)

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...GymTicket.com

continued from page 16

book. You will see in this issue Will Phillips' excellent article on cost control that two of the cost control items listed by Will's clients were the elimination of Yellow-Page ad costs. Traditionally and for years, the Yellow Pages have been a significant expense for clubs that in today's world may not be worth that always high cost. In my opinion, a cost control movement to reduce the size and cost of Yellow Page ad spending and replacing that with GymTicket.com nationwide, could be in its beginning.

THE SUCCESS STORY

Getting leads is interesting, but the real story is determining if they really joined clubs. So, GymTicket worked with clubs to show them their leads and compare them with those who joined the same month. After the matching process was completed, one small club group had 20 joins one month. To

measure the actual financial impact, they figured out that they collect \$90 per month in dues and receive a \$200 Initiation Fee. Obviously, a high-end club. So, each joiner was worth \$1,280 for Year 1. No assumption was made that the new member would even continue beyond Year 1. When dividing the cost of the 200+ leads into the total revenue of over \$25,000, the ROI (return-on-investment) was over **3,000%!**

A couple of lower-priced club companies averaged over **1,000% ROI**. These calculations were actually understated, because some of the leads provided late in one month actually joined in the next month. This was not even taken into account in the calculation. Also, some viewers of the GymTicket website might visit it and opt out before finally selecting a club to visit. But, they do actually visit a club and some join. When these numbers are also calculated, it can lead to a few more joins that are not in that ROI calculation.

The challenge is that some clubs do not always track the data in detail. So, those clubs in their first month thought they had many fewer joiners than they really did.

One other benefit too early to measure yet is that clubs are also buying postal leads to use in future direct mail campaigns. Instead of just buying mailing lists which may not have individuals who are really interested in health clubs at all, these names are ones who have actually searched online for a club. They have provided their addresses but might have opted out of the internet sequence before selecting a club. So, this becomes an additional resource to the club for use later in its direct mail efforts.

Howard Lerman leads the team of proven internet entrepreneurs. He is bolstered by Brian Distelburger, an experienced interactive marketing executive, Brent Metz, an award-winning technologist with over a dozen patents, and Dan Sutera another founder of successful web technology

companies.

Rick Caro has spent a lifetime helping this industry. That's why, a long time ago, I described Rick as "our industry's best friend." Well folks, our industry has a best friend in one Rick Caro that just keeps on giving. I could not be more happy for you in our industry and for Rick Caro and Howard Lerman and their GymTicket Team. Howard Lerman and Rick Caro and Team have produced something your club can begin to utilize today to truly help your club business. This is help for your club in a time when competition is becoming more and more intense.

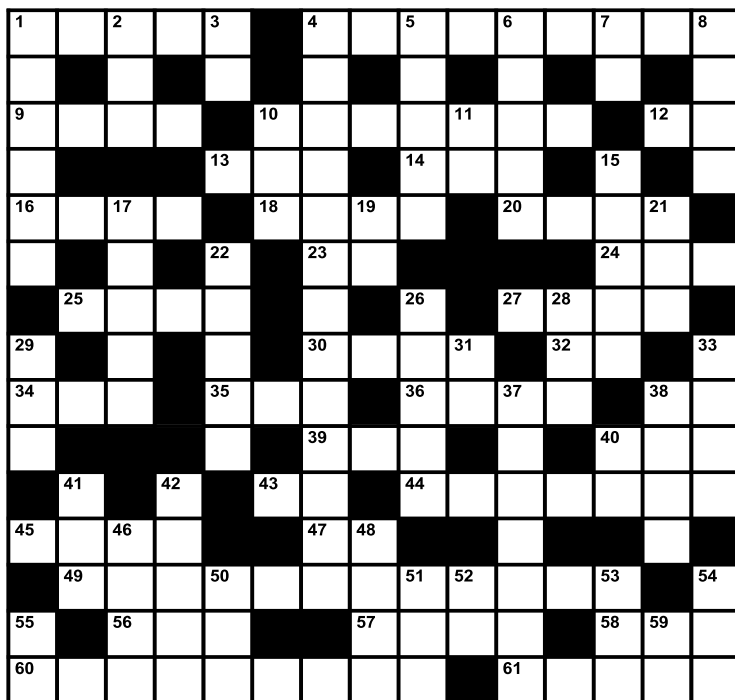
In my opinion, GymTicket.com is now our indus-

try's best and most direct link to those seeking help for their health and fitness. I urge you to go to: GymTicket.com as soon as you can.

(Norm Cates, Jr. is a 33-year veteran of the health, racquet and sports club industry. Cates was the Founder and is the 14+ year Publisher of The CLUB INSIDER News. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

GymTicket.com™

Crossword by Myles Mellor

**Across**

1. Florida governor who signed a bill requiring that school students get at least 30 minutes exercise per day
 4. _____ America Campaign
 9. _____ Caro: on the ILC Fund Raising Committee
 10. _____ Levy, Chairman of IHRSA's Board
 12. Seattle's State abbreviated
 13. Succeeded
 14. Go _____ roll
 16. These exercises can help your tennis game!
 18. Exercise machine
 20. He writes useful notes.....
 23. Say _____ to "old school" pressure tactics on customers
 24. Car club
 25. Rep Zach _____ introduced the WHIP act
 27. Act to assist businesses in providing exercise for their employees
 30. _____ Howley, Ph.D (professor emeritus) is on the US Health and Human

- Services Advisory Committee to recommend guidelines on physical activity
 32. Attorney General, for short
 34. Drink cooler
 35. Regret
 36. "The Lord of the Rings" evil warriors
 38. Exist
 39. Hotel
 40. Spoil
 43. Weight measure, abbr.
 44. Club Industry in _____: Oct 10-13th
 45. Self defense technique
 47. Honorable, abbr.
 49. Type of memberships to be encouraged? (3 words)
 56. Listener
 57. After-exercise breathing
 58. Circle
 60. Daniel _____ is XSport Fitness' "fast-burner."
 61. The 5th annual _____ event is on Sept 27th-30th at the Scottsdale Fairmont Princess Resort

Down

1. Sentaor John _____ who introduced the WHIP act
 2. It is chaired by Bahram Akradi
 3. Head _____ head
 4. Becoming part of the obesity pandemic? (2 words)
 5. Clear blue lake
 6. How a club should always look
 7. Fashionable
 8. Test
 10. Crowd
 11. One before a vowel
 15. First name of the writer of "The Big Fat Health and Fitness Lie"
 17. It is adjustable on the treadmill
 19. Knock out, for short
 21. Old form of GPS
 22. One of the primary forces in US culture
 26. Hard to ride horse
 28. Owns
 29. The National Fitness Trade Show

- and IHRSA's Club Business entrepreneur conference will be held at the _____ Conference Center
 31. Medical man
 33. _____ bics
 37. Customers
 38. Containers you carry workout clothes in
 40. Boston's State (abbreviated)
 41. It is very chewable
 42. Underwater waves
 46. Someone who gets things done
 48. No (slang)
 50. _____ athlon
 51. President Bush declared it National Physical Fitness and Sports Month
 52. Stay _____ top of your game
 53. Fireplace shelf
 54. _____ Financial: a sponsor of the IHRSA's 5th Annual Legislative Summit
 55. Good time for exercise!
 59. E-mail subject line intro

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Cost Saving: A Neglected Source of Profits

By Will Phillips

"Every year, reduce expenses annually by 5% of gross revenues," says Jack Welch, former President of GE and voted best corporate leader in the U.S. in Fortune Magazine Surveys, year after year.

DRIVING CLUB PROFITABILITY

The majority of health clubs are not managed for profitability. They are managed for cash. When a club can meet most of the six cash goals below, the owner is frequently satisfied and does not push for profit growth. The six cash goals are having enough cash to pay for:

- 1-All accounts receivables including payroll.
- 2-A good income for the owner.
- 3-Capital improvements as needed.
- 4-Staff development, bonuses, etc.
- 5-Owners retirement savings.
- 6-Reinvestment/re-design of the business as needed.

Two major thrusts appear when driving profitability. The first, is to identify the profit veins and mine them. Second, is to identify the profitability drainers and eliminate them. This includes understanding the profitability of your programs, market segments and customers and making the hard decisions in eliminating unprofitable activities. In addition, a profitability commitment means driving a continuous effort to uncover waste, bureaucracy, bottlenecks and inefficiency and use design principles to create processes that are fast, low cost and produce high quality member satisfaction. This article will focus on cost savings.

SEVEN PRINCIPLES FROM COST SAVING CLUBS

#1 - Every dollar you save is a dollar that drops to the bottom line. In other words there is a 100% profit margin on every dollar saved. If your club's usual profit is

10% on every dollar earned, this means you have to sell ten dollars to earn a dollar of profit. So, saving a dollar is ten times more productive than earning a dollar.

#2 - Costs always increase. Several years ago an owner was not convinced that costs were a worry as his club was producing sufficient cash, sales were constant, he had just bought his second childhood dream car, and he and his wife had just built and paid for a wonderful new 8,000 square-foot home. No worries! That is until we plotted the costs for ten key areas over a ten-year period. We looked at electricity, gas for heating air and pool water, health insurance, liability insurance, total labor and other expenses. Over ten years each one had crept up. Not a single one went down. Some increased a few percent a year. Others had a double-digit increase year now and then. Next we plotted revenue. It too increased. But, it was obvious that if we extended the graphed lines for another six to ten years the cost lines crossed the revenue line and profits would be squeezed. In fact, this owner was very sales-oriented and whenever cash or profit was threatened in the past, he just cranked up sales. He never looked at costs!

Costs creep up inexorably, yet you may not increase prices every year. Delay annual price increases of 2-3% for a few years, and you now need a 10-12% increase, a lot to ask of your members. Cost creep up in part because your staff grows up and now needs to earn more in their 30's and 40's than when they were in their 20's and fresh out of school. Most clubs fail to help long-term employees understand how to increase their value so you are not paying more salary for the same work. (I will be addressing this issue in a future article for The CLUB INSIDER News.)

In the Adizes life cycle model describing the growth and decline of any organization, growth is driven by opportunities seized through entrepreneurship and the as-

sumption of risk. But growth brings new challenges and problems. Businesses respond to these in four ways: 1) add staff; 2) add systems; 3) add structure; and 4) add resources. Each of these is good responses. But, they are a bit like inviting a pet alligator into your house. They have a strong tendency to grow on their own. When club growth begins to flatten, as it does in most new clubs after about two years, the cost alligators do not go on a diet. They continue eating and growing. So the game has now changed. Revenue is flatter and the owner invests more in sales training, marketing and product extensions, such as personal training, to make up the short fall. But the rules of the game changed! The owner is still playing the growth/revenue game and the flattening means it is now a profit game. And, the profit game has a few new rules.

Now, add in new competition. The rules change even further as many of the new competitors were designed up front to operate with 40% less costs than a traditional club. *If you compete with the low price competitors by lowering prices, you just made a fatal mistake.* You probably did not lower your price enough to really compete with the low priced guys, just enough to eliminate your profit. And now the cost alligators eat you up!

#3 - Eliminating costs is not easy. The cost alligators have become pets. You've fallen in love with them. And, you have no idea how much they eat. Eliminating costs is always risky and painful. Take a dose of courage and begin.

#4 - Many people want to lose weight. But, sawing off a leg is not an option ...although it will reduce your weight quickly and dramatically! Similarly, cost saving can be done by amputating critical functions from your club. But, that's not a good option, either. So to begin with normal cost saving, you should never jeopardize safety or the value you deliver to customers or your ability to

attract new members or your staff's morale. This principle was first described by Hippocrates in the Hippocratic Oath for all medical practitioners: First of all, do no damage.

#5 - This article is focused on tactical cost savings: how to eliminate unnecessary costs and how to negotiate better contracts. This will make your current business model better. Strategic cost saving is an entirely different approach. It generally involves reducing costs 40% or more and requires a complete redesign of the business model. For example, the un-staffed club (AnyTime Fitness) has essentially no labor costs. This type of costs savings is how Dell captured the personal computer market, and how Best Buy undermined Circuit City and how Wal-Mart undermines everyone! To date no mainline business in any industry has successfully applied strategic cost reduction to its current business model. (For more on Strategic Cost Saving visit www.REXonline.org and open Club Insider on the home page.)

#6 - Anything is negotiable. There are no fixed costs. In hearing from over one hundred club executives who are in REX Roundtables, I can report there is no area that some owner has not renegotiated. This includes areas where owners make the assumption that a certain cost is fixed, and not negotiable, such as real estate taxes, leases and vendor rates for credit cards. Some costs can be cut just by the owner's decision; others require an outside party to agree to a reduction. Here is where your courage in asking, and your skill in negotiating, pay off. Every club owner should, as a minimum, read a book on negotiation. At best, take a multi-day workshop on the topic. The dollar and time cost of this investment will be repaid ten times or more when you put your new found skills and strategies into proactive negotiations. If you would like a Negotiation Workbook to help you get started go to www.REXonline and open the sec-



Will Phillips

tion under Club Insider.

#7 - In many cases the uncovered savings will require little effort to implement and are likely to continue as savings year after year. For instance, one club eliminated overlapping staff in the last few hours of the evening before closing at 10 p.m. going from four to one staff for the last three hours. This amounted to about \$1,000 a week savings or \$52,000 a year. And this will continue next year and the year after.

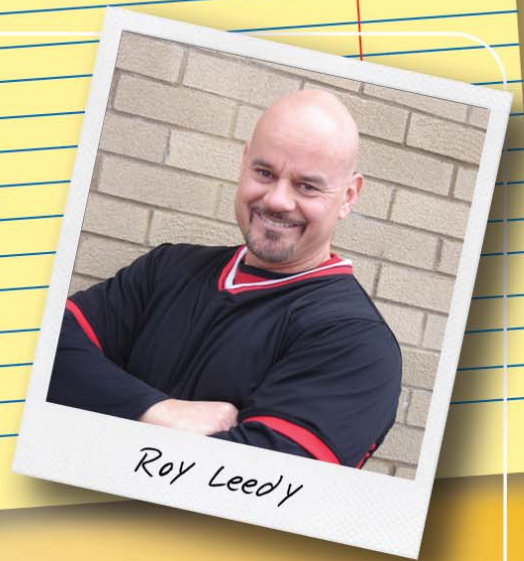
COST SAVINGS SYSTEM

Just as every club has a marketing and sales system, it can also have a cost savings system. This will emerge as the club learns the rules of the new game of profit. The benefits of a cost saving system are that it creates a permanent entity and reducing costs is a permanent, on-going activity for your club. You can design your cost savings system by reviewing a few standard elements that follow, combined with your own inventions. What is important is that the process becomes embedded in your club. Remember, cost savings is ten times more profitable than sales. Remember, that many cost savings continue to save year after year. So, learning how to save \$400 a month in paper towels means \$4,800 a year and \$48,000 in ten years. Remember, Jack Welch built the GE powerhouse by driving for a 5% cost reduction each and every year.

(See Will Phillips page 28)

"Previously, our club did \$240,000 for an entire year. After adding the Thin & Healthys Total Solution program, in less than 9 months of operation we are OVER \$800,000! We love you guys. Thank you, thank you!"

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10 Ways Your Club Can Help Fight Obesity

By Casey Conrad

Unless you live in a cave, it is impossible as a health and fitness professional to ignore the problem our country is facing: skyrocketing rates of overweight and obesity among both adults and children. There is little doubt that obesity-related illness will be the catalyst for the largest healthcare crisis our country has ever seen. According to the Center for Disease Control (CDC), the most recent polls show that 66% of Americans are either overweight or clinically obese. In March of 2007, they reported that the number of Americans in the morbid obesity category (a BMI of 40+) grew at twice the rate of all other levels of obesity. A scary thought. Perhaps even more frightening is the issue of childhood obesity, which at present stands at **34%**. The result of this is that the CDC has stated kids being born today will have a shorter life expectancy than their parents specifically due to obesity-related diseases.

Although more and more people getting into the fitness industry are investors, most club operators today got into the business because of a passion for the industry. In fact, most fitness professionals I speak with say they sincerely want to help people realize the benefits and privileges of regular exercise. Therefore, as professionals in this industry it is our obligation to help stop and ultimately reverse the growing obesity crisis.

Of course, as someone who founded both the Healthy Inspirations franchise and Take It Off, an in-club licensed weight loss program, I'm biased when I say your club should be offering a weight loss solution

for your members. That solution **MUST** be something more than "exercise more and you'll lose weight." Successful weight loss for most adults requires a combination of structured exercise and a calorie controlled eating strategy that includes a high level of accountability. However, even if you don't want to offer an in-house weight loss program, there are many activity and educationally based things that your club can do to help fight obesity in your community. Below are just 10 ideas for implementation.

1. Offer free teen summer memberships for those ages 13-17. Doing so can provide three very specific benefits that will help both the fight against obesity and your club. First, offering free memberships is a great way to advocate regular exercise for kids and help them get a positive association towards exercise and fitness memberships. Second, because many teens do not drive, their parents are the ones that must shuttle them to and from the club. This will help your club gain exposure and possibly impact membership sales from parents being exposed to the club. Finally, when done correctly, this type of community-based philanthropic effort can provide your club with a tremendous public relations play that could result in local free press before, during and after the promotion.

2. Establish a relationship with your local elementary school whereby your personal trainers can help develop games and activities that are fun and intriguing for the kids to participate in. Of course, the goal is to establish a credible and trustworthy relationship which will result in the school allowing your club to actually facilitate the activities, putting you in front of the kids and the faculty on a regular basis.

3. Establish a relationship with local retirement communities and assisted living centers to develop and facilitate safe, educational and motivating activities that get seniors moving and engaged in a healthier lifestyle. Although this type of focus does not reach kids, what

many club operators fail to recognize is that the children of the seniors are often very involved in the care of their parents and stay up to date on what they are involved with. In addition, your club will be exposed to the staff, who most likely live locally. The result is not only helping improve the lives of seniors in your community but potential top of mind exposure to club prospects.

4. Offer lunchtime walking programs or "Lunch & Learns" for local businesses. There is no doubt that the corporate market has eluded most club operators. Taking an approach of giving rather than taking is one way to gain exposure to local companies. Most will jump at the chance of outsourcing any activity or event that will help to improve the wellness and ultimate productivity of their employees. Establish a once-weekly walking program where a trainer meets to lead an informative and motivating walk. An employee can be chosen as the walking leader to organize walks on other days throughout the week. For those who don't want to participate in exercise, lunchtime seminars can be delivered.

5. Establish a cycling, hiking or walking club in the community. With only 14% of Americans now as members of health clubs, no doubt there are many people in your community who would love to get involved in recreational exercise even though they don't want to join your club. By offering these types of programs, and using your club as the meeting point, this is an opportunity to introduce your environment in a non-threatening, friendly way.

6. Sponsor ballroom dancing in the club and open it up to the community. With the goal of promoting all types of activities it is good to offer non-traditional outreach programs that will appeal to yet another segment of the population—those who may not be the least bit interested in traditional forms of exercise. Dancing offers a nice alternative that also provides a fun social environment. Today, with the popularity of such programs as "Dancing with



the Stars," the interest level for ballroom dancing is high. Why not use a play on words and call it, "Dancing at the Club."?

7. Give free seminars in local school systems to fight childhood obesity. Like the movement to curb smoking, there is no doubt that making any impact on fighting obesity will require a strong emphasis on reaching children. Having little Johnny come home and say to his mother, "Mommy, I don't want you to die. Please exercise and lose some weight." is a powerful motivator for the entire family. By offering short, entertaining and most importantly, fun seminars, your club can reach families through the children. In addition to organizing the events for the kids, make adult oriented seminars available to teachers and any parent-teacher associations in the area.

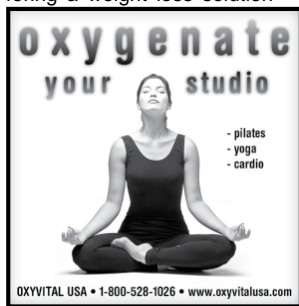
8. Offer free community lectures on healthy eating. Even with the plethora of information available, it is interesting to learn how few people know how to make good and healthy eating choices. Whether it be learning on how to eat healthier while dining out, cooking at home or learning to navigate labels, people love to hear strategies. Have a nutritional

professional organize and deliver these programs and, when possible, establish a monthly theme that helps identify the topic—i.e. heart healthy cooking in February for American Heart Month.

9. Work with local restaurants to put healthy options on their menu. This opportunity is particularly good because it not only gains you exposure to potential clients (those spending money in the area) but also doesn't require as much on-going effort after the program has been developed. When possible, find ways to do joint marketing programs with local restaurants, whereby the restaurant gives your members a discount or incentive in return for advertising within the club. Offering the non-proprietary recipes on your club website can also drive traffic from the restaurant patrons and potentially lead to guest pass traffic.

10. Work with local food preparation franchises. One of the fastest growing franchise opportunity around is a facility where an individual can go to and prepare main dishes to be taken home for future use. Individuals or groups arrange a visit to the facility (typically in a strip mall) where they select reci-

(See Casey Conrad page 23)



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...Casey Conrad

continued from page 22

pes and then use work stations to measure out portion sizes, spices and sauces into aluminum take out containers. Once completed, the containers are sealed and the individual takes them home to their refrigerator or freezer. From there side dishes are the only thing the person needs to prepare. Healthy Inspirations has developed relationships with a variety of these franchises whereby we provide them with healthy recipes and on certain nights of the month the facilities are set up to allow members to go prepare "plan compliant" meals. Of course, allowing the location to utilize the healthy recipes for other patrons helps to promote better eating in the community and provides your facility with an opportunity for exposure.

These are just ten of potentially hundreds of ways a health club can help to fight the obesity crisis. These ideas focus on helping your

local community and simultaneously, putting your clubs' name into the hearts and minds of future prospects. As health and fitness professionals it is our responsibility to be pro-active. So, get your team together, discuss these and other options and begin putting a plan in place today. Your efforts now will help to shape the future of our country—both literally and figuratively.

(Casey Conrad is the Found-

er and CEO of Communications Consultants, Healthy Inspirations and the "Take-It-Off" weight loss program. She is also the Author of an excellent book entitled; "Winning the Struggle to Be Thin." Her book is available by going to: www.winningthestruggle.com A long-time Contributing Author of The CLUB INSIDER News, Casey may be reached at: casey@healthyinspirations.us or by calling: (401) 497.4159.)

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A Message from Fitness Management & Consulting...

When The Going Gets TOUGH The Smart Get Help™

Jim Thomas is the well-known founder and president of Fitness Management USA, Inc., a management consulting and turnaround firm specializing in the fitness and health club industry.

With over 25 years of experience owning, operating and managing clubs of all sizes, Mr. Thomas lectures and delivers seminars and workshops across the country on the practical skills required to successfully build teamwork and market fitness programs and products.

Since forming Fitness Management, Mr. Thomas has been turning health clubs around at an amazing rate and garnering a reputation as a producer of change...a sharp-eyed troubleshooter, a brilliant sales trainer, and a motivator. Fitness Management provides programs that show measurable results and Jim's team is proud of their ability to glean profit from every square foot of a client's investment.

A dynamic, articulate motivator, Mr. Thomas exudes confidence without artifice and accomplishes wonders without the bruised feelings that can so often accompany change. "We pride ourselves in reaching people and motivating change in a way that encourages self-esteem on the part of the players."

Whether you operate a health club, fitness center, gym or other type club, Fitness Management and Jim Thomas have a program to fit your need, expand your market base, and keep your members and staff productive and enthusiastic. Jim Thomas may be reached at 800-929-2898, jthomas@fmconsulting.net or www.fmconsulting.net.



Jim Thomas

...Thomas Plummer

continued from page 3

from me to you, if you are the owner/operator of an independent club. Do not let naysayers out there deter you from the belief that your club is not significant to this industry because you're an independent. Do not let them scare you by crying wolf that your small business is doomed if you do not do this or that. Just keep on learning, improving and working. Keep your eye on the ball everyday and your club will stay in the game.

Now, let's hear from Thomas Plummer.

CLUB INSIDER -

Thomas, please tell our readers your pulse of the health and fitness club industry right now?

Thomas Plummer

— "Very positive. I think moving ahead. There's a lot of repositioning going on in the industry now, but I think it's all good. The numbers are not blowing people away, but they're solid. The owners are getting better.

I think it's a natural selection time. I think the competition in maturing markets is starting to force people to be better business people and that's good. I see a lot more niche specialists. I see a lot of people that actually just by force of filling in the markets are starting to be more target specific. I see that as a natural selection, and that's a good thing. Overall, I think it's a very healthy time to be in the fitness business now. I think it's going to just get better in the next five years.

CLUB INSIDER

— I think it's good to hear that from you Thomas, because you would know. Help our readers and I better understand the term "natural selection" and you mentioned a hot industry word now, "niche". Share more of what you think about those subjects?

Thomas Plummer -

I've been doing a lot of thinking and reviewing this over the last year or so. We're seeing if you plot all types of clubs out there and what's going on and you see the clubs that are suffering, some the big chains, Bally's, for instance. Bally picked that generic big-

box niche that one size fits all and the "You can be everything to everybody thing", and they're going down that road and you see a fork in the road going the other way. Those who are on the big side, guys like Bahram Akradi with Life Time Fitness, who is establishing a niche at one end of the scale. It's more of a large, family type multi-purpose club, but still he has a pretty unique package. He's building the club on the real estate, so he's got real estate appreciation. He's going after that family-style club. You see Planet Fitness specializing the value menu. You see a lot of these small, 7,500 square-foot hybrid personal training facilities starting to develop. The guys who are making money are the guys who are naturally moving toward picking a very specific target market and going after it. Some people are laughing at Planet Fitness or remark about it's \$10 deal. It's really not laughable. Mike Grondahl has really found his target market. They go after that target market well. They understand what they're going after. They really aren't a generic club. They really aren't for everybody. He's kind of created the new niche in a new category. So has Bahram. So, the generic guys, the box guys, seem to go off on one path. They're not doing nearly as well. The guys that are becoming more target specific and know their markets better and go for the niche style market and niche selection are doing better. So, I think it's just a natural selection and over the years at this, we're evolving to a specialized marketplace, anyway.

If you look at people like doctors, back in the 50's and 60's, what you had was the family doctor. Now, those guys don't even exist anymore. There are internists. There's specialists in just about everything. There's referrals.

Automobiles have evolved over the last 100 years toward more target specific markets and very narrow niches. If you look at the Volkswagen products, they're truly aimed at the 20 to 25 markets. They're very, very target-specific. Every industry evolves from a gen-

eralist viewpoint to a specialist viewpoint. So, why would we be different? I think it's a good thing. If you study any outside businesses, which we usually fail to look at, you see other industries that started as generalist and evolved toward very specific target markets.

I think the gym business that started in the 70's and 80's will almost be unrecognizable in 10 to 20 years from now.

CLUB INSIDER - So really, Thomas, your message here is that you anticipate tremendous evolution to be coming in our industry and that none of us can forecast that now.

Thomas Plummer

— Yes. I think the myth that there is going to be fast consolidation is just that, a myth. I think that the hybrid club, the smaller target specific club is really going to be the club of the future and that lends itself toward the more independent club operator.

I think the independent guy is the future and the future is not necessarily with the chains. It seems that when the chains get up to that 300 to 400 category, they seem to self destruct anyway. It's tough for those guys to make money in those categories. You don't see the chains staying very long. They always seem to have issues and problems inherent in their systems.

Every single business system out there, if you look at them objectively, have strengths and weaknesses. Bahram's got strengths, and he's got weaknesses. So does Planet Fitness on the other end. There are strengths in that system, but they minimize their weaknesses. The good players minimize their weaknesses. There is no perfect system. But, it is an evolutionary process. That means that some of the weaker, "old-style" operators will fade.

The thing is, the Y's, the non-profits, many club operators really cry "unfair" about them. But, they do have a unfair tax advantage over commercial clubs. But, another way to look at it is when a big, nice Y comes to down and you haven't re-invested in your club in 5 years, you deserve to have

your ass kicked! Most of the time the guys in our industry who are crying foul are the ones who haven't reinvested in their clubs for five or more years, and they don't run their clubs well. That's one of my missions from God this year! That is to teach people that if they've been the only game in town in a market of 300,000 people and think when you've walked into town you became a genius, you have a surprise coming. You've built what you think is a "system". Then when you get real competition and keep on trying to apply those same "system" rules over and over, thinking you know the business and actually have a "system", guess what? You really do not. We're getting a lot of those people at the seminars for the last couple of years. They have a hard time changing because it always worked. But, they really never had a system. Your absolutely the only game in town and you think that because you have patterns and repeat certain behaviors, you have a "system". But, you really don't have a system. So, when you have a good competitor or a fresh competitor and you get your ass kicked, then you cry foul. A lot of these guys get beat up. It's evolutionary. They deserve to fade out. The new generation of owners coming in will be better. They'll be better prepared. They will be better business people. Then, we'll move on to the next generation of owners.

I think it's natural selection. It's evolutionary and it's healthy for the industry to kind of cull the herd once in a while.

It's easy to get to be #1. (If you're the first in a small or mid-size market with no competition). It's very hard to stay there. It's hard to make change unless you yourself are evolutionary. I think that's why the chains are struggling right now. They're applying the same solutions year after year. They're not really going to grow.

It's a natural correction and that happens in any business. It's an amazing time to be in the fitness industry now.

CLUB INSIDER

— Let's chat about your new book, **"Open A Fitness**

Business and Make Money Doing It". Tell us about your new book.

Thomas Plummer

— Most everybody dreams of opening another club if they're an existing club owner. Maybe you're an existing club owner and you've been renting and you have an opportunity to buy. We strongly encourage the young owners to consider the real estate option. We encourage you to consider getting some investors together and to build your new club in a building you own. Every money guy wants to be in the real estate business. Very few money



Thomas Plummer

guys really care to get into the gym business because the returns aren't there. You get a money guy and build a 20,000 square-foot building and you put the gym upstairs in 10,000 square feet and downstairs you have 10,000 prime square-feet of retail space on the ground floor. Now, this 10,000 feet of prime rental space downstairs is paying the bulk of the overhead. You've got a cool gym upstairs. You run it for 10 years and sell the gym. Now, you're sitting on an almost paid for piece of property. We're really encouraging the young gym owners to start looking that way. To start looking at real estate.

A lot of the new book is about partnerships, growing the business and moving into those things.

So, the new book will help anybody who is going to make fitness their life's work. They will benefit from learning about things like how to maximize their location and preparation to move into the next phase of their life, so to speak.

(See Thomas Plummer page 28)



NATIONAL FITNESS BUSINESS ALLIANCE

total support for the independent club owner



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AND MAKE MONEY DOING IT**

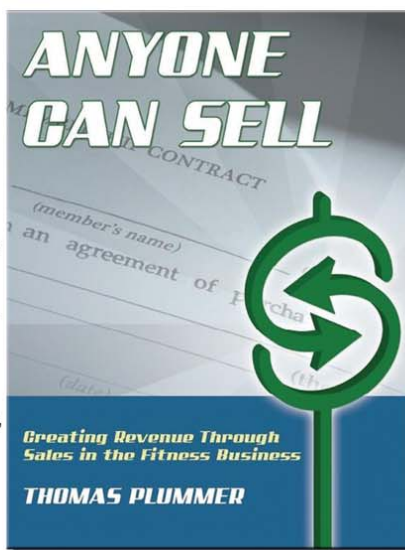


Thomas Plummer

**Open a Fitness Business
and Make Money Doing it**

Fitness industry specialist Thomas Plummer presents this amazing, no-nonsense resource on starting and opening a successful fitness business. In this concentrated, easy-to-use book, Thom directs you through every stage of opening a successful fitness business. Chapters include: Conceptualizing your new business, finding a home and proper site, understanding leasing, developing a business plan, building a strong receivable base, staffing, sales and marketing, and presales. Produced in cooperation with the International Health, Racquet and Sportsclub Association.

\$59.95

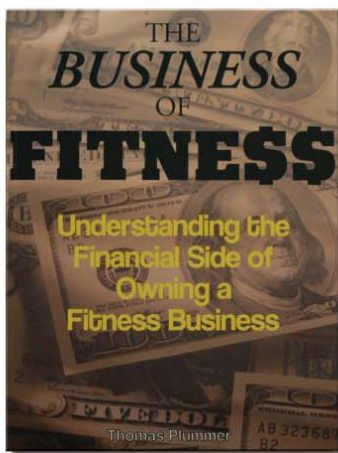


**Anyone Can Sell:
Creating Revenue Through Sales
in the Fitness Business**

Selling in the fitness industry is the simple act of helping a person get what they want from us ethically and professionally. Every person who leaves a fitness business should feel good about what they bought! Thom's new book focuses on changing the way we view selling in the fitness business.

This book will show you what makes a good employee, how and why the consumer buys, what to expect from your sales team and teaching you the core elements of the Plummer Sales System.

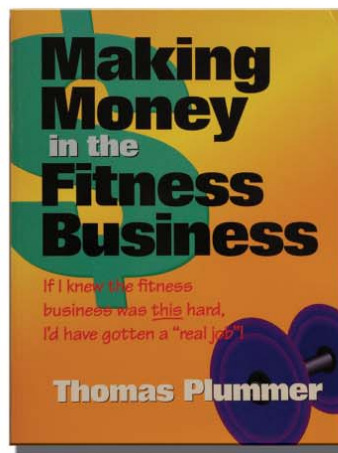
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**The Business of Fitness:
Understanding the Financial Side
of Owning a Fitness Business**

Thomas Plummer puts his 26 years of experience into this all-encompassing resource on the business side of fitness. In sixteen chapters, Plummer identifies five core topics that are crucial for those beginning a new fitness business or looking to build an existing business. In logical, easy-to-understand and apply language, Plummer covers such critical subjects as levels of maturity, building renewals and member retention, price structures, financial problem solving, reports and profit centers, business plans and strategic planning, as well as working with accountants, building premium programs, and much more.

\$39.00



**Making Money
in the Fitness Business**

A brutally honest, real world look at how to become successful in the fitness industry, told by one of the most renowned veterans of the business. Thomas Plummer explains the ins and outs of the business in detail, using real-life examples, providing illustrations, and adding just a touch of humor. Plummer lets you learn from his successes and failures as he provides you with the tools you need to compete and succeed in fiercely competitive markets against any competition, while still maintaining your integrity. Covers conceptualizing the business, the financial foundation, member service, profit centers, staffing, marketing, sales, and so much more.

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The National Fitness Business Alliance, with our team of experienced personal coaches, can help you overcome your daily objections. Each member of our team has years of experience and success in the fitness industry.

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- On-Site Business Consulting **On Site Consulting Starting a \$2500.00**
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Why Join IHRSA and Support the ILC?

By Norm Cates, Jr.

PETER BUCCELLA has joined **IHRSA** as the **Fund Raising Coordinator** for the Association's **Industry Leadership Council (ILC)** and public policy efforts. The ILC pursues very important initiatives for this industry in Washington, D.C. The ILC funds that are raised are used to produce a more significant lobby of elected Congressman and Senators as IHRSA pushes forward potentially industry changing initiatives. Buccella is now working with **IHRSA Chairman MICHAEL LEVY** and the **ILC Fundraising Committee** to continue that Association's 2007 effort. The goal for this year is **\$2 million** and at last count, almost single handedly, Levy has obtained commitments for **\$1.2 million**. If you have given in the past, please give again. If you have not chipped in, please do now. Michael Levy and the ILC need IHRSA member's support with any amount your club might afford to contribute. Remember, it is tax deductible. While you may or may not be familiar with IHRSA's ILC, I do expect you do fully realize the potential both good and bad impact State and Federal laws might have on your club business. The Association's **HELEN DURKIN** has, for the past five years, been working to bring the **Workplace Health Improvement Program (WHIP)** into law. The **WHIP Act** has just last month been re-introduced to the 110th Congress. The measure will be a significant achievement for the industry, when passed, because it will provide American corporations with a **tax break on funds** they invest to provide employees with **off-site health club memberships**. The WHIP Act will also be the law that would demonstrate that America's elected leaders are finally beginning to understand the importance of **prevention of disease through exercise and proper nutrition in one's lifestyle**, as opposed to **treatment of downstream disease through healthcare**. Basically, upstream prevention, versus downstream

healthcare. This is a concept that has not penetrated the majority of our elected Congress, perhaps because the lifestyle habits of many of our elected representatives does not include regular exercise and proper nutrition. One way to change this is for you, the constituents of these elected Congressmen and women, is to get involved, pitch in on the ILC fund raising and give what your club(s) can afford. The other way is if you personally know your state's Congressmen/women, to address this upstream prevention versus downstream, "fix-the-problem-after-the-fact" healthcare. Keep in mind, should you have a personal relationship with your representative and can speak personally with that person, to remind him that healthcare costs in America are projected to **more than double, from \$2 billion to \$4.1 billion** by the year 2017. Paying that \$4.1 billion bill someday is going to become increasingly impossible as each year passes. Your elected officials need to have a FOCUS and a SPOTLIGHT placed on this impending crisis. Beyond that, a LAZER BEAM FOCUS needs to be placed on lobbying these elected Americans representing us in D.C. that ... the solution is at hand, IF they will just act.

IHRSA Public Policy Initiatives on the State Level

IHRSA's public policy efforts certainly are not restricted to Washington, D.C. To the contrary, IHRSA is intensely active at a state level keeping an eye on legislation in any state that is going to hurt your club business. The 2007 Legislative Session has ended in most states, although some states sessions continue throughout the year. IHRSA tracked 377 pieces of legislation last year, 124 of which were physical education/wellness legislation.

IHRSA, through the efforts of Helen Durkin's team has delivered victories in 17 states on a wide variety of legislation, ranging from sales taxes on memberships to a bill in Connecticut

that would have established requirements relating to **automatic renewal** that in the end was amended to exempt health clubs. State level victories in Arkansas, California, Connecticut, Hawaii, Indiana, Kansas, Maine, Maryland, Massachusetts, Mississippi, Pennsylvania, Rhode Island, South Dakota, Texas, Virginia, Washington, D.C. and Wisconsin. IHRSA has been working hard for all of you to prevent club/fitness center business damaging legislation from ever seeing the light of day.

IHRSA's Public Policy Alert broadcasts inform you very quickly of state level club industry damaging legislation that has been introduced. Moreover, the alert broadcasts give you details of what has been proposed, WHO to contact immediately to derail the proposal and HOW to contact them.

State level victories by IHRSA Public Policy division, led by Durkin, have been abundant. In fact, in just the past 24 hours, this reporter has received notice of two important victories: 1) In the great **State of Texas, House Bill 2644** was recently sent to the Governor's desk with language that could have potentially crippling legislation on Pilates and personal training in Texas. This legislation was originally intended to regulate massage therapy in the state, but the bill was expanded to cover more services. Thanks to the many emails and calls by Texas club operators, personal trainers and Pilates training providers, Texas **GOVERNOR PERRY** has indicated that he will sign House Bill 2644 with a statement instructing the **Department of State Health Services** to make a rule that will clarify that the problematic sections of the bill apply **exclusively to massage therapy**. In addition, IHRSA and its Texas lobbyist are working with the bill author, **REPRESENTATIVE PATRICK ROSE**, to clarify the intent of the bill. That intent being to regulate massage therapy only, not personal training and Pilates. This Texas HB 2644 reminds me of a bill in

Florida passed over 10 years ago. **The bill passed for the establishment of sex education in Florida.** At the last minute, clandestinely and with no timely warning to Florida's club operators, (such as *the warnings broadcast these days by IHRSA by email*), the legislators tacked on a **SALES TAX on health club memberships to the bill**. The sex-ed bill passed and that club membership sales tax became Florida law, without benefit to clubs or citizens because of the secretive and last minute attachment of the sales tax on health clubs provision. Ironically, and disgustingly, the sex ed program, intended by the bill in the first place, did not happen. But, the sales tax on club memberships in Florida still stands until this day. So far, valiant efforts by the **Florida Health Club Association, FHCA**, to have this sales tax segment of that bogus bill repealed, have failed totally.

The other victory in the last 24 hours happened in Connecticut. There four separate and flawed bills were proposed that would have required health clubs to purchase an automated external defibrillator (AED) without providing adequate liability protection for clubs and their employees. All four bills died at the end of the session. Most recently, IHRSA and the Connecticut lobbyist worked diligently to ensure that Senate Bill 1339 contained the necessary liability protection. IHRSA was able to get support for an amendment that

would have provided protection whether an AED was used or not used. Ultimately, health clubs were completely exempted from the bill, and the legislation failed to pass before the session ended on June 7th.

Suffice it to say, long-term club success is hard-earned in our industry. The last thing club business owners need is government, State or Federal, passing ill conceived legislation. Your business and your family's future can actually end up depending on how good IHRSA's Public Policy efforts are. That's precisely WHY you really should join IHRSA if you are not a member. Call 800.228.4772 or go to: ihrsa.org

And, you should seriously consider investing in support of IHRSA ILC fund raising efforts. Feel free to call me anytime at: **770.850.8506** or send me an email at: clubinsidernews@mindspring.com or Peter Buccella at the IHRSA phone # above or by email at: pjb@ihrsa.org to contribute or for more information.

Every dollar you invest to support IHRSA ILC legislative efforts in Washington, D.C. could very easily could end up helping legislation pass in Washington, D.C. that could provide our industry with the biggest boost it has ever seen in its history.

- Norm Cates, Jr.-The **CLUB INSIDER News** -Publisher Since 1993 and 1st IHRSA President.

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“ Ken Reinig and Association Insurance Group have provided us with excellent insurance protection for our clubs for over ten years. We started with Ken because he saved us money and we stay with his company because their service is the best we have ever experienced. Owning three clubs is enough of a challenge without having to worry about insurance. Using Association Insurance Group has been one of the best business decisions we have ever made. ”

Mark and Karen Steinfield

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Association Insurance Group

...Will Phillips

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Cost Saving System Element # 1- Nurture A Frugal Culture

Nurturing an attitude of frugality in your club culture, where all staff is aware of the costs of every part of the club, can go a long way to avoiding waste and inefficiency. The normal situation is that staff, and even senior management, is unaware of the cost implications of their ideas, projects and behavior. As a result they all unconsciously add a little to unnecessary costs. One way to nurture a culture of cost savings is through a *Staff Suggestion System* which actively solicits ways to save. Such systems work best when everyone is aware of the *Seven Principles of Cost Saving*, when the Suggestion System operates for two months then takes a holiday for two months and when there are incentives for those with the best ideas. Tasks are more likely to get done in a club when cost awareness and frugality are part of the norms or culture of the club, especially when the owner's behaviors model the desired culture.

Cost Saving System Element # 2 - Assign it

Assign cost saving to a single individual who is responsible for coaching, encouraging, reminding and celebrating the focus on cost saving in each part of the business. Tasks are more likely to get done in a club when they are a part of someone's job description. Making everyone responsible may dilute the concern to such an extent that everyone expects someone else to take care of cost saving.

Cost Saving System Element # 3 - Goals

When you set performance goals for the next year include a cost saving goal for the overall business and for each location and department. In doing this emphasize Cost Saving Principle #4. Now track progress in monthly or quarterly management meetings. Use the collective brain power of you managers as a consulting team that focuses on each department or location to uncover opportunities for savings. Tasks are more likely to get done in a club when goals are set and progress is measured regularly.

Cost Saving System Element # 4 - Incentives

Setting up incentives for department heads for

achieving cost savings in their area adds emphasis on how important the owner sees this effort to reduce costs. You might equally share 25% of the savings accrued by the whole club in a twelve-month period. These are actual savings, not projected. An additional incentive of 25% for the department head in whose department the savings occurred is also an option. Some owners would be happy to assign 100% of the actual first-year savings to incentives for those savings that will occur year after year. Further incentives might be paid to all staff for every quarter or month when the expense budget is met. This is the normal expense budget, not the cost saving goals. Tasks are more likely to get done in a club when clear incentives are set for achieving goals.

Cost Saving System Element # 5 -Check List

Create a table with a few columns and list every expense in your club in the first column. In the second list the annual dollar amount. In the third make your best guess as to how often that expense area could be productively examined for savings. This might vary from quarterly to every few years, depending on the item. In the

next column list the person or job title that is responsible for addressing that line item. Tasks are more likely to be done if there is a way to remind everyone of when to do them and who is responsible.

EXAMPLES OF COST SAVING Winter 2007

Every time a REX Roundtable for club owners or GMs meets the group of twelve members reports on how they have cut costs. We have been doing this three times a year for the last two years so members are consistently driving cost reduction efforts in their clubs. To stimulate your thinking I have listed all the costs savings reported in the winter meetings of the eight REX Club Roundtables.

- 34% health care cost with PPO to HMO and raised the deductible and we cover half of the difference
- Real Estate Appraiser reduced property tax 40%
- VoIP saves \$500 a month on three phone lines.
- Dropped Yellow Page display ads.
- Switch lobby lighting for lower energy use and longer shelf life
- Credit Card rates renegotiated and saved \$15,000/yr
- Refinanced loans
- Eliminated a layer of

management in a multi-club setting and saved \$300,000 payroll across 10 clubs

-Reduced # accounts, and transaction reports we did not need, saved \$42,000

-Dedicated T 1 line to high speed internet and saved \$10,000 in multi-club setting

-Eliminated staff overlap and saved \$10,000

-Liability insurance re-negotiated and saved \$20,000

-Negotiated with Time Warner and only pay for 1/4 of TVs; used Direct TV as a bargaining chip

-Paperless HR with Mcentrix software for multi-club business

-Repair and Maintenance brought in house saved \$20,000

-Electric Hand Dryers vs. \$500/mo/club for paper towels (explore new high speed dryers e.g. Air Blade)

-\$20,000 per club savings in renegotiated insurance

-Hired Media Audit to monitor radio ads and confirm we got the placements promised (Costs \$1,500/ quarter and saves \$40,000/year)

-Renegotiated printer for direct mail pieces down 20%

-\$750/mo. on color ink jet cartridges saved with

(See Will Phillips page 30)

...Thomas Plummer

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CLUB INSIDER

- Thomas, to close this terrific interview with you, I'd like your comments on the National Fitness Business Alliance. I cannot tell you how happy I am to see that set up and find out how it's working. That's a fabulous decision and I am so glad to see it!

Thomas Plummer

- Norm, it's a fabulous time to be in the fitness business. And, the National Fitness Business Alliance (NFBA) kind of reflects that. The Thomas Plummer Company and our 17 alliance partners kind of grew beyond my abilities to keep up with it all. It just got to be so big and took a life of it's own and grew beyond my name and my abilities to do it. So, the NFBA reflects the Alliance partners, not me. IHRSA wanted to be in a lead position in this. So,

we formed the Alliance and made some changes. We'll have a few more changes toward the end of the year. Counting The Thomas Plummer Company we have 17 companies out there that banded together to bring education through multiple speakers, we've got the traveling trade show and IHRSA has a strong presence in it. This is one of the ways IHRSA wishes to serve and reach the independent club owners. We're seeing people coming to these seminars that have no idea who the heck I am. So, we've still got a certain part of it, such as that new book I just discussed with you and the new sales book, *"Anyone Can Sell"*. They are really taking off. It's hard to describe how well the NFBA is working. Nikki Layke is the Director of the NFBA. She's handling the vendor alliance team and we're getting crazy interest in that. That's open-

CLUB INSIDER -

Thomas, I can't tell you how glad I am for independent club owners, you, IHRSA and your 17 NFBA vendor team about this new Alliance and how your involvement continues with it. I think this Alliance speaks wonders about what you did all these years before it, basically all alone. It also speaks to IHRSA's commitment to the independents in this industry. In my view, I think it gives a clear message that IHRSA has identified you as the #1 mass teaching consultant/educator for small and large independents in this industry. I know your seminars have drawn huge attendance across the country long before the Alliance, because I've attended a couple of them. And, I learned from both of them and I've been at this 33 years. And, I'm really excited about your continued role and the role of all of the

others, as you have 24 stops in different locations for your tour a year. This Alliance is going to go strongly forward for America's independent clubs owners, club owners who truly need positive learning opportunities, where they can learn really new things to help and improve their businesses, not rehashed BS from some consultant, repeated over and over after the bulk of the comments were nothing but negative, wolf crying. Learning where they can really get to know the excellent 17 suppliers who make up a big part of the Alliance with their sponsorship. Close contact will help the vendors really help clubs by being really sure the vendors know the club owners challenges as they attempt to sell their wares. They will be able to truly help and sell to the owners. A unique concept these days. The National Fitness Business Alliance is a true,



Nikki Layke

true winner, in my view and I congratulate all of you.

Thomas Plummer

- Well thanks, Norm. I still believe the independent guy is the future. We're doing everything we can to help them. Through the Alliance we're doing the same thing I told you my mission was when I first met you: *We're going to change the world one club at a time."*

Come hear the best minds and most entertaining speakers in the industry whose focus is on the challenges of running an independent club. Come to the Profitability Conference.

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and

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...for health and fitness professionals

Speakers include:

Thomas Plummer,
The Thomas Plummer Company
Failure is Not an Option: What it Takes to Succeed as an Independent Owner in Today's Market.

Mike Chaet, Ph.D.,
CMS International
Club Management for the Independent Club Operator

Paul Brown,
Face2Face Retention Systems
Playing for Keeps!



To register or for more information, call IHRSA at 800-228-4772 or visit ihrsa.org/conference.

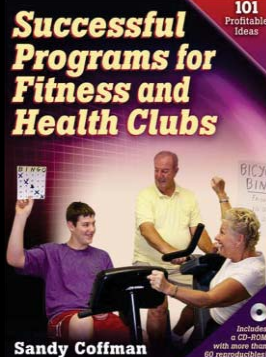
Exhibit at The National Fitness Trade Show! Put your company front and center with this important fitness market. For details, please contact IHRSA's Tom Hunt at 800-228-4772 ext. 152 or email teh@ihrsa.org.



"SUCCESSFUL PROGRAMS FOR FITNESS AND HEALTH CLUBS: 101 PROFITABLE IDEAS" – Publishers note: Sandy's new book will be Available in July and you may order it by email: SLCoffman@aol.com

SANDY COFFMAN's Programming Tip of the Month

You need to have several programming calendars working in your club at all times. But, an essential one is the "Seasonal Programming Calendar". Summer, Fall, Winter, and Spring need to be celebrated with special programs each year that your members can look forward to. The programs become seasonal "brands" that result in increased participation, retention, and growth if the programs are marketed and administered properly. For example – right now - a terrific full club summer program will welcome your members into the club for summer fun rather than dropping out and waiting for September. If your members think of your club as simply a place they go to work out, summer can be a real drag...for you, your members, and your business. A few points that your program must include are: (1) The program must have an immediate and easy entry; (2) Every participant must be able to win a prize; and (3) The entire staff must be trained on how to **MAKE IT FUN!**



Sandy Coffman

Here Are The Solutions To The May Puzzle!



...Will Phillips

continued from page 28

laser color printer

- \$700/mo. on free water cups just stopped
- Group X cost per head from \$4 to \$3 through better scheduling and dropping under performing classes

- Fluorescent bulbs save electricity and reduce the heat that AC must balance: Savings 2x cost
- 3 hours/day of overlapping staff dropped and saved \$12,000 per year.
- Cut outside cleaners from 7 to 5 days and internal person paid for extra daily, must-do cleaning (e.g. show-

ers, lockers).

- No rent increase for 3 years. Supplied accounting reports to landlord, savings \$25,000 a year.

- Turn off all equipment, computers at night.

- Video library for members was free, \$13,800 savings from video store, buying own videos now

- 20 hours staffing taken off gym floor.

- Replace club managers with me, \$80,000

- Yellow Pages dropped \$13,800

- Eliminating customer care dept, \$23,400

- Reduced payroll annually \$27,500

- Shut down nursery 1-4 pm

- Close earlier on weekend

- No bartender on weekend

- Cut payroll \$100,000 per center with Mgr and Asst vs. Dual managers

- Better control of en-

ergy savings \$25,000

- Using same vendor savings across multiple sites saved \$25,000/center

- \$2,500 electrical reduction per month

- Reviewed all insurance and saved \$25,000

- Credit card rate savings \$2,000 per month

- Computerized HVAC \$5,000 a month savings

- Several Roundtable members have been co-generating electric power with savings of thousands of dollars a month. The practicality of co-generation depends on many factors including your local power supplier's rates, availability of natural gas for energy, etc. Co-generation does seem practical in California and Massachusetts.

Where you can save in your particular club depends on your particular situation. When I take into account all the details of the above savings, it averages \$24,000 per club and similar

results are reported in each Roundtable for their three meetings a year. That would add up to \$75,000 per club. Now, let's assume that every club cannot make every one of the cost cuts without impacting members or staff morale and take an average of \$50,000 in cost cuts for 2007 per club. That is all profit! And much of the savings will occur in 2008 and 2009 and 2010. The accumulation of these cost savings takes little effort.

If you would like a Cost Savings Workbook to help you get started go to www.REXonline.org and open the section under Club Insider.

(Will Phillips can be reached at: will@REXonline.org Will is the Chair of eight Master Mind Groups for club executives across the U.S., Canada, Australia and New Zealand.)

Norm Cates' THE Club Insider NEWS

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Joe Cirulli
Gainesville Health & Fitness
and REX Member

Brochure Available: www.REXonline.org 858-829-1615

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ALL of you are on the "Team" that **makes CLUB INSIDER**. We will be grateful to you forever. I appreciate and LOVE 'ya!
Very sincerely, Norm Cates, Jr.



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