

Norm Cates'

THE Club Insider

NEWS

JULY 2007



Top Row L to R: Everett Aaberg, Wayne Higgins, Louise Bunnell, Jil Johnson, Cecil Hightower, Brent Darden
Bottom Row L to R: April Chesshir, Alison Treadaway, Veronica Combs, Clarisa Duran, Kristina Meny, Tara Hummel

***Brent Darden and Everett Aaberg
Perfect The "TELOS Texas Turnaround"!***





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Norm Cates' **THE Club Insider** NEWS

The "Pulse" of the Health, Racquet and Sports Club Business

Brent Darden and Everett Aaberg Perfect The "TELOS Texas Turnaround"!

A report and interview with TELOS Fitness Center Co-Owners

By Norm Cates, Jr.

The TELOS Fitness Center (TFC) won the "Greater Dallas Business Ethics Award" on May 2, 2006. The



Brent Darden

honor recognizes companies that demonstrate the highest standards of ethical conduct and corporate citizenship. The winner of this high and distinguished honor was chosen from a wide variety of businesses in the Dallas/ Ft. Worth, Texas area. Previous winners were Roger Staubach Real Estate, Dave & Buster's Restaurants and the Container Stores. TFC was also nominated as a finalist for the American Business Ethics Award. No health/fitness club has ever been nominated for that honor on a national level. Also, the Dallas Business Journal named TFC as one of the Top Fitness Centers in Dallas. And, TFC was the 2nd runner-up in

a crowded non-club field for the honor as the Most Dynamic Business in Addison and the North Dallas area, as voted by the readers of Business Dynamics Magazine.

Beyond the very high honor the TFC received in Dallas, Brent Darden, Everett Aaberg and the TFC have been highly honored inside the club industry. In 1998, Brent Darden was honored with IHRSA's first ever General Manager of the Year Award. And, in their brief history the TFC won 3 Nova 7 Awards presented by Fitness Management Magazine for the categories of: Best Innovation in Management and Operations Practices – 2006; Best Innovation in

Facility Design, Construction and Decoration – 2005 and Best Innovation in Fitness Prescription and Assessment – 2004. Club Success magazine also featured TELOS as one of 3 "Clubs that Inspire" for their distinctive facility design and business operation. In 2001, Everett Aaberg, former "Mr. Colorado" in 1989, was named IDEA's Personal Trainer of the Year, was named by "D Magazine" as Dallas' Top Personal Trainer and was named by Men's Journal Magazine as one of the Top 5 Personal Trainers in America. TFC personal trainer, Cecil Hightower, was also named as one of America's Top 100 Personal Trainers by Men's Journal.

*Telos Fitness Center is an amazing club operation. It's no wonder this organization and its co-founders, Brent Darden and Everett Aaberg, (See **TELOS** page 12)*



Everett Aaberg

Bally Total Fitness Seeks Prepackaged Bankruptcy Plan Shareholders Principally Agree With Company Plan With 5 Modifications

Bally Total Fitness announced on July 27th the commencement of a formal solicitation of approval process for a pre-packaged Chapter 11 plan. Bally seeks approval in the plan from holders of the Company's 10-1/2% Senior Notes due 2011 and 9-7/8% Senior Subordi-

nated Notes due. Deadline for the approvals is July 27, 2007 at 4:00 p.m. unless the deadline is extended. The voting agent must receive votes by that date. The solicitation document and copies of the plan are available thru: <http://www.kccllc.net/bally>.

Normal operations

will continue with the company throughout the solicitation period and throughout the period of the anticipated bankruptcy case.

Bally Total Fitness will evaluate other options, including the filing of a traditional and non-prepackaged Chapter 11 case if it does not receive the necessary votes for the prepackaged Chapter 11.

The terms of the planned reorganization is set out in the Restructuring Support Agreement (RSA) that was announced on June 18th. 63% of senior note holders and 80% of senior subordinated note holders have already signed the RSA, requiring that they vote in favor of the plan

upon receipt of the solicitation materials. The plan is conditioned on receipt of signed consents from sixty-six and two-third percent in principal amount and a majority of the senior note holders. A majority of Senior Subordinated Note holders must vote at those levels, as well. Should the company receive said votes and required approvals from both note holder groups it will proceed with the plan by promptly filing a prepackaged Chapter 11 Bankruptcy.

A "Backstop Purchase Agreement" has also been prepared and entered into by Bally Total Fitness with the holders of more than 80% of the principal amount of the Senior Subordinated Notes.

Don R. Kornstein, Interim Chairman and Chief Restructuring Officer, stated, "We are pleased that so many of our noteholders have expressed support for the Plan and look forward to executing it and emerging promptly from Chapter 11 protection. The restructuring process laid out in the Plan will allow us to maximize our resources and enhance our capital structure, better enabling us to invest in our clubs to meet the needs of our members and thereby facilitate operating performance improvements."

Partially agreeing to the proposed company pre-packaged plan, but with five modifications, Counsel for (See **Bally** page 6)

• Inside The Insider •

- A Peacock that sits on its tail feathers is just another Turkey!!!!***
- Customer Service: It's Not What You Think!***
- How to Spot a Potential Star Health Club Salesperson***
- The Power of Design in Making A Club More Successful***
- What To Do When Traditional Marketing Doesn't Work***

Norm's NOTES

Thank You

To The **Club Insider** News
 2007 Contributing Author
 Team Listed Below:

- **Rick Caro** - President, Management Vision, Inc - (212) 987-4300
- **Ray Gordon** - Founder-Sales Makers - ray@sales-makers.com or (800) 428-3334
- **Donna Krech** - Founder & President-Thin & Healthy's Total Solutions® - 419-991-1223
- **Casey Conrad** - Communications Consultants - (800) 725-6147
- **Colin Milner** - V.P. Sales/Marketing - Founder & CEO International Council on Active Aging - (866) 335-9777
- **Bonnie Patrick Mattalian** - Principal - The Club and Spa Synergy Group - (732) 236-2273 or bonnie.patmat@aol.com
- **Rande LaDue** - President - Pace Fitness - 1-888-604-2244
- **Karen Kirby** - President - Health Style Services - (210) 884-2620
- **Richard Ekstrom** - President - Retention Management - (800) 951-8048
- **Dale Dibble** - Retired - Bentley Village - Naples, Florida. Email: dwdibble@hotmail.com
- **John Brown** - President - PCM Fitness, Inc. - (281) 894-7909
- **Gary Polic** - Communications Consultants - XSPORT Fitness GPolic@communication-consultants.us 866-825-8501
- **Stephen Tharrett** - Consultant & Author-Fitness Management 1-888-229-5745
- **Bruce Carter** - President-Optimal Designs Systems Intl. 1-954-385-9963
- **Jim Thomas** - President-Fitness Management USA 1-800-929-2898
- **Amy Hyams, Ph.D.** - World Instructor Training Systems (W.I.T.S.) - (888) 330-9487

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

• **CheckFree's Health and Fitness Division**, a Division of the now giant **CheckFree Corporation** **PETE KIGHT** started in his grandmother's basement 26+ years ago, has moved their long-running advertising with **The CLUB INSIDER News** from page #2 to #5 for the next year. Look to your right to **page #5** and you will see an ad for their new **Check-Free Compete Software**. CheckFree has made a huge footprint on the business of moving money world wide and literally now, moves billions of dollars every night. Amazingly, over 80% of all banks in the world use the CheckFree Corporation's services. Additionally, CheckFree is leading the way by helping clubs stay out of trouble and in front of the new credit card laws being imposed on all who use credit cards in their club business. This means that our **Inside Front Cover page 2** is now available for your company's marketing message. If you are interested in

our page 2 for your company, please contact me immediately at: **770.850.8506**. Each month, until I rent the space on page #2, I will be placing our longest running full page advertisers on 2 from month to month. The first ad to appear is for the great people and company, the **Affiliated Acceptance Corporation**, who've supported this publication for over 14 years.

• **President GEORGE W. BUSH** might well be the *fit-test President in American history*. His Dad also was and continues to be active and fit, although he's in his 80's, he's very devoted to regular exercise. In fact, I had the pleasure of hosting President Bush's Dad, **Vice President GEORGE HERBERT WALKER BUSH** at my **Downtown Athletic Club** when he was V.P. and running for President in 1988. He came to the DAC two days in a row, worked out on a **Lifecycle** and he had two massages with my friend, the amazing, *but blind massage therapist*, **EHAB YAMINI**. Amazingly, about three weeks later, I received a handwritten thank you note written on a card embossed with the **Seal of Vice Presi-**

dent of the United States. President **GEORGE W. BUSH** is amazingly dedicated to his own personal fitness. He has a heart rate in the mid-50's and enjoys mountain biking. Reportedly, he works out at the **White House** very early everyday. Recently, when asked in a network broadcast interview about people who say they are too busy to exercise regularly, President Bush said, "I don't buy that. I think you set priorities in life, and if exercise is one of your priorities, then you do it." He sounded like the **Nike** slogan. But folks, that's really it. The word: **PRIORITY** as it relates to establishing a lifestyle with regular exercise. I am curious to know if and how you teach your members to make regular exercise a priority in their lives. So, I would appreciate learning about your ideas and methods for teaching them: clubinsidernews@mindspring.com or I would welcome a phone call: **770.850.8506**.

• **JOHN GREELEY's Fitness Equipment Depot** has joined **The CLUB INSIDER News** advertising team and we welcome John and his company! Check out John's ad on page #25.

• **Breaking News!** **EDDIE TOCK, Sales Makers**, **JEFFREY KELLER, Independent Health Club Networking Association (IHCA)** and **SHERRY ROBB, marketmyclub.com** teamed up to create **FIG: The Fitness Industry Group**. FIG is a combined network of industry suppliers offering an affiliate marketing system to tap each other's buying contacts using both traditional and new media marketing methods: web-based technologies, electronic media, google and yahoo adwords. FIG will enable a select group of just 12 vendors to multiply their advertising reach, participate in a marketing co-op, enjoy exclusivity, benefit from an ultra-slick website, send branded e-newsletters and provide coupons for auto-responding email. For information: **SHERRY ROBB at Market My Club - 888.765.4717**. • **JEAN ZHAO JUN** was welcomed as the **IHRSA In-**



Norm Cates, Jr.

ternational Ambassador to China on July 2nd. Jean joins **DOUG MILLER** of Scandinavia, **HANS MUENCH** of Germany, and **DAVID CHAN** of China as members of the **International Ambassador Program**, **IHRSA's** global network of volunteers who assists in the promotion of **IHRSA** membership and other projects to clubs, developers and investors around the world.

• It was great to read the **SGMA Bulletin** that the **U.S. Department of Education** awarded \$73 million in **PEP Grant Awards** in '07. **New PEP Funds will Promote Quality P.E. for America's Youth**. \$44.5 million was provided for **146 new PEP grants** to schools and community-based organizations in 39 states. The balance of the PEP grant funds, roughly \$28.5 million, is being distributed to existing multi-year PEP grant recipients which were first awarded in 2005 and 2006. But, I ask here, why are these amounts not much, much more? I ask that question considering the childhood obesity crisis in America and the projected \$4.1 trillion healthcare bill by 2017. By 2017 the same kids that will benefit from the PEP Fund amounts announced here will be part of that problem, if they are not already. Good question, don't you think?

• **Gold's Gym International (GGI)** announced the addition **DAVID FOWLER** as **Vice President** of Eastern Operations and **BILL WINDSCHIEF** **Vice President** of (See Norm's Notes page 6)

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 NEWS

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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

P.O. Box 681241, Marietta GA 30068-0021

(O) 770-850-8506 (F) 770-933-9698

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...Norm's Notes

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Western Operations. Both will play a critical role in driving the growth of Gold's Gym's corporate-owned facilities throughout the United States.

- **ASTRID BJORNEBEKK** of the **Karolinska Institute** in Sweden and her colleagues found in a study with rats that exercise stimulates the growth of new brain cells. The new cells could be the key to why working out relieves depression.

- **The Athletic Club of Columbus**, a prestigious 88,000 square-foot institution founded in 1915, has commissioned **Meyers Welsh Architecture** to serve as the *Architect of Record* and to develop a master plan to renovate the Columbus, Ohio club. The intention is to modernize and

add to the existing amenities throughout, while respectfully maintaining tradition and elegance of the highly regarded private athletic club.

- **McDonald's Corporation** has announced that as of July 1st the 254 stores located in the five boroughs of **New York City** no longer use cooking oil containing trans fats. HOORAY! The same canola-oil blend has also been introduced to about 25% of its other stores. But, McDonald's will not disclose which stores have it and nobody outside of McDonalds will know until the change has been made in all 13,000 U.S. stores. **STAY TUNED!**

- The mice have it. Maybe we do, too. Scientists at **Georgetown University**, according to a recent **Washington Post** article, have uncovered what they refer to as: a *biological switch* by which stress can promote obesity. Mice were used in a series of experiments where scientists discovered a neurochemical pathway that promotes fat growth in chronically stressed mice, who eat the equivalent of a junk-food diet. They also learned that signal blocking can prevent fat accumulation and shrink fat deposits. Stimulating the pathway, it was learned, can create new pathways, suggesting new ways to remove fat, mold more youthful faces, firm buttocks and make women's breasts bigger. Hmmm...all those benefits sound pretty good to me. And, it seems to me this

is clear evidence that stress contributes greatly to lifestyles that promote obesity. So, our little **CLUB INSIDER News** ads every month for 14.5 years that say: "**Make It Fun!**" have even more importance. That's because if you can "Make It Fun!" in your club your members are going to arrive stressed and leave much less stressed from having fun, even more than they will with just exercise. Check out **SANDY COFFMAN's Programming Tip of the Month** on page #30.

- Three years ago I acquired a **NuStep Machine** for my **DAD, NORM CATES, SR.** He loves it! At the time, he was 86. He will be 90 on December 27, 2007. His wife, **LOUISE**, is a bit younger. For the past few years she has suffered from the issues all of us will suffer from as we reach older age. Two issues have been her strength and balance. I am happy to report to you today that during the past month she has been using the NuStep machine frequently and is already feeling the *benefits in terms of feeling stronger and seeing her balance improve*. Now, Dad and Louise continue to use the machine four or five times per week for 20 or more minutes. So, stay with it Dad and Louise and God bless you both!

Upcoming Events:
IHRSA Club Business Entrepreneur/26th National Fitness Trade Show (see ad pg #28) at the **Rio Confer-**

ence Center, All Suite Hotel and Casino in Las Vegas, September 4-7, 2007. For info call: **800.228.4772** or go to: ihrsa.org and for exhibitors, contact **TOM HUNT** at the IHRSA # or by email at: teh@ihrsa.org; **2007 New York Spa & Resort and Medical Spa Expo and Conference**, September 8-10, 2007 at the **JACOB JAVITS Center** in New York City. For more info go to: [www.spaandresortexpo.com](http://www.www.spaandresortexpo.com) or email: inquiry@spaandresortexpo.com and the annual **Club Industry Conference and Trade Show**, (see ad pg #29) **McCormick Place**, Chicago. Contact www.clubindustryshow.com or for exhibit space reservation contact **SAM POSA** at: Sam.Posa@penton.com

- **The Seattle Times** recently did a story about **CE-DRIC BRYANT** and *I take my hat off to him*. They wrote, "Such multitasking that he must do comes with his mission as **Chief Science Officer** for the nonprofit **American Council on Exercise**. He wants to get people moving — safely. His workout style fits him, too. Fundamentals over flash. In other words, he walks his talk. Personally and professionally, Bryant is committed both to raising standards in the industry and to making exercise work in our daily lives." I try like heck to do the same thing every-day of my life. But, it's tough, especially during deadline (See Norm's Notes page 8)

...Bally

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Manuel Perlman, et. al. sent a letter dated July 4, 2007, from which excerpts are printed below.

EXHIBIT C

Re: Proposed Pre-Packaged Plan of Reorganization

"The Shareholders are pleased to propose the enclosed term sheet (the "Term Sheet") embodying the terms of a plan of reorganization (the "Shareholder Plan"). The Shareholder Plan offers the Company and all of its constituents significantly more value than that offered by the proposed Joint Pre-

packaged Chapter 11 Plan Of Reorganization Of Bally Total Fitness Holding Corporation And Its Affiliate Debtors (the "Bally Plan"). The Shareholder Plan adopts the Bally Plan with the following modifications:

- Existing shareholders will receive 10% of the reorganized equity(1) and rights to participate in a Rights Offering(2) for an additional 10% of the reorganized equity.
- Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund L.P. will backstop the rights offering and own 80% of the reorganized equity in any event.
- The Shareholder Plan will pay the holders of

Senior Subordinated Notes \$60 million in cash in lieu of reorganized equity. The Company will otherwise receive the same amount of cash contemplated by the Bally Plan.

- Holders of claims in Class 6-B-1 (Rejection Claims Against Bally) will receive payment in full in cash in the allowed amount of their claims.
- Holders of claims in Class 7 (Subordinated Claims) will receive payment in full in cash.
- (1) All equity distributions discussed hereunder are subject to dilution by a management equity plan to be determined.
- (2) Capitalized terms not defined herein have the meanings ascribed to them in

the Term Sheet.

In sum, the Shareholder Plan will provide all creditors with distributions in the allowed amount of their claims under the valuation analysis proffered by the Debtors' financial advisor, Jefferies & Company ("Jefferies"), as set forth in the Company's disclosure statement. The Shareholder Plan also offers shareholders a substantial recovery regardless of whether they participate in the Rights Offering.

The Shareholder Plan undeniably is superior to the Bally Plan. The Shareholder Plan will be relatively easy to implement because it incorporates many of the salient terms of the Bally Plan. It is subject to substantially the same conditions precedent

as the Bally Plan, and the Shareholders have agreed to satisfy their due diligence requirements no later than July 20, 2007. The Shareholder Plan also will avert litigation that inevitably will result should the Company continue to prosecute the Bally Plan."

— Andrew K. Glenn

At this writing all eyes are watching for Bally Total Fitness to seek continued operations after filing in Federal Bankruptcy Courts either a prepackaged Chapter 11 Bankruptcy or a conventional Chapter 11.

Stay tuned.

A Peacock that sits on its tail feathers is just another Turkey!!!!

By Ray Gordon

Sure the big box gyms with \$19 to \$29 per month dues are gobbling up the market, enrolling the regular exercisers and the non-regular exerciser alike. It is quite common for those clubs to have 4000, 6000 or even 10,000 members. You watch them come into your existing market and with relative ease quickly have many more members than you do. **Can you survive?YES!! Quit stressing over what you can not control and focus your entire energy on your clubs' strengths and uniqueness.**

That's right, there are certainly enough potential members in your market area that value what your club can give them that the discount clubs cannot, for your club to consistently achieve membership quota. **You have something unique to offer to your market that they don't. You'd better find out what it is and tell your**

members and your community!!

The perceived difference: if the prospective member does not completely believe and understand why your club charges substantially higher monthly dues, how are they going to justify purchasing a membership at your club? Remember it is not just what you think is important and special at your club, it is what the public perceives about your club

The discount gyms are going to market low price / low price / and low price. They are correct. They have the lowest prices for a gym with a lot of equipment. It is true that they have the lowest prices but that doesn't mean you have to just give them that portion of the market.

First identify every benefit of a membership to your club that you can possibly think of. Anything that you can do better than the competition that will be valued by your members needs to become the mantra of member-

ship value! It is not enough to just list this and go over it a couple times with your staff. This must be a consistent part of your membership sales training system. Your employees must enthusiastically transfer this belief to all new members, prospective members and especially the existing members. Remember that all three of the previous categories will have the opportunity to tell others how special your club is.... providing that we have made a big enough impression on them that your club is special.

Jeff Masten of Sales Makers wrote in the June 2007 issue of Club Insider; "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".

If your membership staff cannot consistently and professionally articulate the many benefits that membership at your club provides, how can you expect your members to explain it to their

friends? This should not be some memorized word for word presentation that does not allow your staff to excel at the people skills that you hired them for. Selling a membership is very simply the transferring of beliefs with honesty and enthusiasm. As Zig Ziglar proudly stated: the last four letters of **enthusiasm** stand for: " **I Am Sold Myself** ".

It isn't hard to be good from time to time. What's tough is being good every day.

-Willie Mays

Remember the **3Rs: Reputation, Referrals, and Retention**. When members are *truly aware* of the *value of your club* and are *proud* to be a member of your club, it is only human nature for them to inform others. If the perceived difference between the facilities is truly only price, then your members are at a huge disadvantage when they try to justify their higher dues to their friends and co-



Ray Gordon

workers.

Managers, remember: **Inspect what you expect.**

(Ray Gordon, along with Eddie Tock and Jeff Masten, form Sales Makers team of "membership specialists" providing on-site customized sales training. They can be contacted at info@sales-makers.com or **800-428-3334**.)

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...Norm's Notes

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weeks. And, it really is about what President Bush said: **PRIORITY**. On November 26, 2000, at 343 pounds, I got started back to a life of activity after being away for a good while. After 5 years I had lost 110 pounds and 20 inches off my waist. Now, I've gained a bit of it back and I find myself forced to step up more aggressively with my activity. At one point, I was walking 42 miles a week and doing 10,000 of what I call "45 degree angle push-ups" per month. But, I got real tired and cut back on push-ups and miles. Since I rededicated my life and got back with the program in 2000, I've now walked over 7,000 miles and done an uncountable number of these *easier push-ups*. But, I am still deeply determined to get back up to more volume for my workouts and cut back on some of the goodies I've allowed myself that have started to attach themselves to my waistline again. Moreover, I am also determined deep in my heart and mind to truly learn all I can about the **Science of Fat** and one day share it in my yet to be perfected book, "**Leaving FAT City**" that already had one limited run on the Internet May until September, 2006. I concluded over a year ago that this personal determination of mine to help millions of others will not be met with success by me all by my lonesome. That's why in Chicago at Club Industry last year I assembled a group of friends in this industry to move forward in helping fight the world's obesity pandemic. This group met in San Francisco on March 28th during IHRSA's 26th event and we've founded the alliance and it is called "**The International Alliance For Life**". Per the suggestion of one of our Alliance founders, **RICH BOGGS**, I am examining **JIM COLLINS'** book, "**From Good to Great**" so we may create what he calls a "**BHAG**" and intend to suggest to our group that we follow his guidelines by asking the founding members of the Alliance these questions suggested by Collins (and Boggs): **1) What do we have a passion for? 2) What can**

we be the best in the world at? **3) What drives our economic engine?** In case you've not seen it, our group, "The International Alliance For Life" founder's photo appears below. **STAY TUNED** please!

• **Power Plate International**, a manufacturer of **Advanced Vibration** products and **Acceleration Training** programs announced that legendary rock band **The Police**, will use **Power Plate®** products while on the road to stay in shape amidst the physically demanding rigors of the band's international reunion concert tour.

• Courtesy of **IHRSA**, here is a legislative update on end of session activity in *ten states*: Folks, please stay on top of what is going on with the lawmakers in your State. The very best way to do that is to be a member of **IHRSA** so you get instant alerts when bad or other concerning legislation is proposed in your State. Also, please note below that **IHRSA** has now produced state-by-state websites for you to stay close to legislation. **To join IHRSA call: 800.228.4772**. **IHRSA's** State and other alerts usually gives you and your fellow club operators in your state adequate time to rally together with your members to contact your legislators and protest any legislation that is going to be detrimental to your club business and to the citizens. **IHRSA's HELEN DURKIN** and the **IHRSA Public Policy Team** work really, really hard to inform you fast of proposals and support your opposition of them when bad legislation has been proposed in any state. Courtesy of **IHRSA**, here is the update directly from their regular **Capitol Reports** on July 11th:

California: As of July 1 all California health clubs are required to have an automated external defibrillator (AED) program in place (California Health and Safety Code, Section 104113.) Read a helpful Q&A from the Emergency Medical Services Authority of California. www.ihrsa.org/california

Hawaii: The Hawaii legislative session has ended. **IHRSA** actively worked on bills regarding consumer protection and AEDs.

(See *Norm's Notes* page 10)



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.

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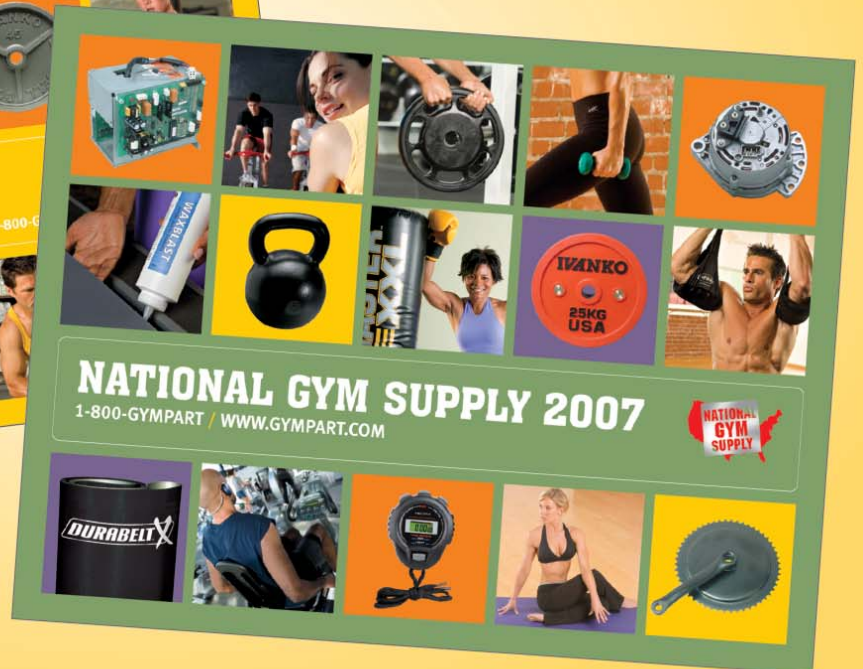
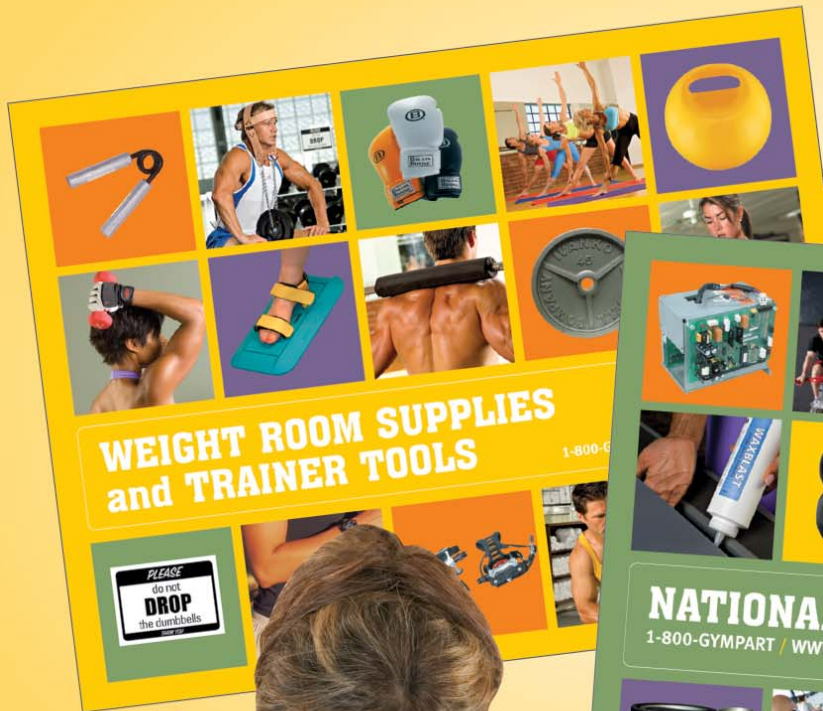
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How to Spot a Potential Star Health Club Salesperson

By Jim Thomas

After having interviewed thousands of potential salespeople over the years on behalf of client clubs...and after having hired and helped to supervise many of them...and after having trained them and worked beside them, I have found there are certain qualities that every star health club salesperson possesses.

One of the secrets is...don't be tricked by what they know relative to fitness or the health club industry and don't be blinded by how they look. Instead, concentrate on who they are. Here you go:

1. Will they do the right thing when no one is

watching? Do they have integrity?

Members and guests appreciate and want to deal with honest people. Fast talkers will come and go. Hard closers will get some sales, but will create some ill will...experts in fitness will help us understand, but the thing that draws us to do business with a person, more than anything else, is that person's integrity. We know that we will be dealt with fairly and honestly.

2. Do they have a high energy level? Are they a self starter? What kind of work ethic do they have?

Whether we like it or not, it is still true to a large degree. Sales, in the health club business is a numbers

game. Every health club sales person must talk to a certain number of people in order to sell one.

So, the element of volume is very important to a successful health club sales person. Given two salespeople of equal skills, experience, intelligence, product knowledge, etc., the one who works the hardest will be more successful.

There is no substitute for hard work. Sometimes, the difference between one sales person being successful and another being unsuccessful comes down to quantity of sales efforts.

3. Are they coachable? Do they have the ability to learn?

I'm not talking about the kind of knowledge that you get in school. For the successful health club salesperson, the ability to learn means the ability to evaluate a situation and then to modify or make adjustments in the way they do things, as a result. Can they think quickly on their feet?

In today's health club environment, there are a number of areas in which a good salesperson must continually be inquiring, learning, and changing their behavior.

The first of these...are their personal sales skills. Health Club sales is an area of endeavor where a person is never as good as they could be. There is always



Jim Thomas

some skill that can be learned or improved upon. The successful health club salesperson never considers themselves to have arrived, but is constantly looking for ways to

(See Jim Thomas page 27)

...Norm's Notes

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www.ihrsa.org/hawaii

Iowa: IHRSA is seeking volunteer advocates to attend Wellness Town Meetings in Iowa in the coming weeks. The events will be hosted by Lt. Gov. Judge who is looking for innovative health and wellness ideas to develop future policy initiatives. Advocates will be speaking about three House Study Bills which would remove the sales tax on health club dues and provide a tax credit for health club dues and fees associated with physical activity. www.ihrsa.org/iowa

Michigan: Clubs have been urged to involve their members in a growing effort to stop a proposal by Governor Granholm to tax health club dues to make up for the budget shortfall. A toolkit including posters, brochures, and posters cards can be downloaded at www.ihrsa.org/michigan

New York: The New York legislative session ad-

journing in late-June, although the Legislature will return in the fall for special sessions with a limited agenda. IHRSA and our New York lobbyist have been actively working on bills regarding AEDs, automatic renewal, cap and tax credit. www.ihrsa.org/newyork

Rhode Island: House Bill 6470 has been sent to Gov. Don Caciari. The bill amends the AED law to exempt any club that operates on a "key pass basis" - with no attending employees at any time- from purchases and maintaining an AED. IHRSA tried to work with the sponsor to expand the legislation to include all key pass facilities; he indicated a willingness to look at the issue in the future. www.ihrsa.org/rhodeisland

Texas: The Texas legislative session recently ended. IHRSA and our lobbyist actively worked on bills regarding AEDs, consumer protection, tax exempt and licensing of massage therapists. www.ihrsa.org/texas

Vermont: The Vermont legislative session recently ended. During the session IHRSA and member clubs worked to repeal the sales tax on health club admission charges. IHRSA provided testimony and worked with the sponsor to move the bill forward; however, it died in committee. www.ihrsa.org/vermont

South Carolina: The first year of a two-year legis-

lative session ended on June 29. IHRSA and our South Carolina lobbyist worked on the following issue and the status is as follows: **Automatic Renewal** In early February, Representative Seth Whipper introduced House Bill 3417, which would prohibit the automatic renewal of health club contracts and limit month-to-month contracts to a duration of no more than 12 months. In April, the House Medical, Military, Public and Municipal Public Affairs Subcommittee heard testimony on the proposed bill. Our SC lobbyist was present at the hearing and three IHRSA members testified against the bill. The Subcommittee had concerns about the bill, and it failed to move forward. www.ihrsa.org/southcarolina

• **Connecticut:** The legislative session ended on June 7, 2007. IHRSA and our Connecticut lobbyist have been monitoring the following bills and their status is as follows: **Defibrillator:** We faced four separate flawed bills 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. **Sales Tax:** Early in the session, the Finance, Revenue and Bonding Committee incorporated IHRSA's proposal to repeal the sales tax on health club

services and memberships in the committee's omnibus tax package. The sales tax repeal was also included in another piece of legislation that moved forward throughout the session in the area of health care reform (Senate Bill 1484). Although the repeal was removed from the final budget and tax package that was adopted, as well as the health care reform legislation, late in the session, IHRSA will continue to build on the momentum of this session to move this issue forward in the future. **Consumer Protection:** During the 2007 legislative session, nine business regulation bills impacting the health club industry were introduced. Go to: www.ihrsa.org/connecticut for details.

I want to congratulate **JOE MOORE** who completed his 1st year as **IHRSA's President/CEO** on July 1, 2007. And, I want to congratulate again the **IHRSA Board of Directors** for their long and hard work on attempting to find someone to fill John's shoes. There will never be another John McCarthy, as he is truly one of a kind and loved by all of us. But, in Joe Moore we have a man whose background, industry experience, caring, passion and dedication to IHRSA and our industry is vast and deep—deep—deep. The Board was so very wise to ultimately pick Joe Moore. And, special congratulations to **IHRSA Board**

Chairman, MICHAEL LEVY as he's now in his 2nd year as **Chairman of the Board**. Michael is the first IHRSA Board President/Chairman to ever serve two one-year terms and I can only say it was a perfect time for the Board to make that great move and I congratulate them on that, too! Many thanks and great appreciation to *outgoing* IHRSA Board Members: **DEBRA SIENA, HAROLD MORGAN** and **CY OSKOU** for their great dedication and terrific service to IHRSA over the past 4 years. My last comment here is to ask you to please support the **IHRSA Industry Leadership Council (ILC)** with your dollars so our industry may finally bring the **Federal Government** onboard with our industry nationwide and approve legislation that will "float the boat" of everybody in the business, clubs and vendors alike!

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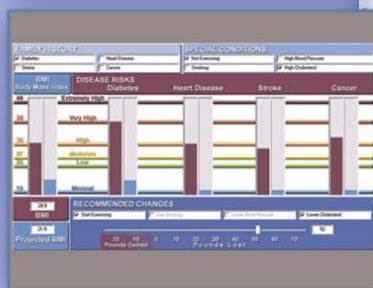
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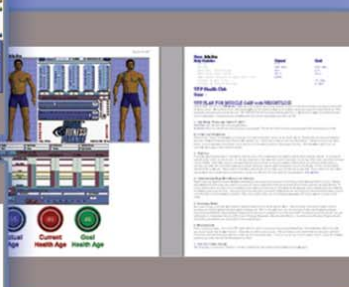
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...TELOS

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have been so honored. This is a report on a very different and special club. A club every operation in this industry may learn from and emulate. This operation is way outside the typical model currently in operation in the U.S.

Brent Darden tells me they expect and are on track for the TELOS Fitness Center to generate \$6 million in 2007. That is an incredible "TELOS Texas Turnaround" for a club that four years ago lost \$70,000 in its first month of operation. Amazingly, **70% of the TFC revenue is from non-membership sources.** So, it's completely inverted from the club industry performance in most clubs today.

Once you've read this very illuminating interview with TFC Founders and co-owners, Brent Darden and Everett Aaberg, you will see why they have been so highly honored and after just 4 years of operation, are so successful. Moreover, this interview will provide each of you seeking greater success and higher achievement for your club with truly new ideas to advance your club business operation. Please do read on.

Q. — "Brent, please tell us about your youth, your interests then, your education and your involvement in sports and other activities.

Brent Darden (BD) — I grew up here in Richardson, so I'm a native Texan. I still work only a few miles from where I grew up. There was nothing spectacular about my youth. I had a very loving family and a great home. I went to school here locally and upon graduation I went to Baylor University down in

Waco. I got my undergraduate degree in health and recreation with thoughts at the time of going into church recreation, which I did for a little while. I stayed on at Baylor and got my Masters Degree in Exercise Science. I played football for Grant Teaff, went to the Peach Bowl and Cotton Bowl, and our team was ranked in the Top 10 in the nation at that time. Now retired NFL star, Mike Singletary, was our middle linebacker. I've always loved sports and enjoyed them my whole life. I enjoy water and snow skiing, basketball, tennis, racquetball and just about anything physical you can imagine. My most interesting sports endeavor, perhaps, is that I competed in Adventure Racing and participated in the Discovery Channels International Eco-Challenge up in British Columbia. That's the most challenging thing I've ever done.

Q. — Brent, I noticed on your website: www.telos-fitnesscenter.com that you've been married to your wife, Melanie, for 24 years and have two sons, Chase, 18, and Cody, 15. Tell us about your family, please.

BD — I met my wife, Melanie, at Baylor. She was a Valedictorian at Baylor, with a 4.0, is a C.P.A., and serves as the C.F.O. of our company. She has been a tremendous asset to our company and provides an unbelievable level of expertise. My oldest son, Chase, is right now at his first week of basic training at the Air Force Academy. He was recruited for football as a defensive end. Cody is a basketball and football player.

Q. — How and when did you first become involved in the club/fitness center in-

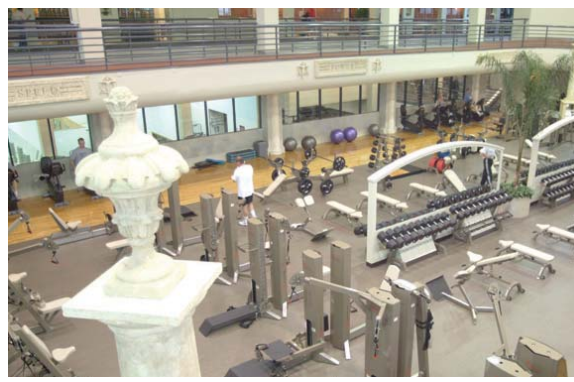
dustry?

BD — I guess, like a lot of other people, my first exposure to fitness was related to training for football in junior high school through college. I just discovered that I liked it. I didn't mind working out. I enjoyed the process and the discipline. Initially, my parents bought me a barbell with plastic-cement filled weights and we constructed a "home-made" bench covered with indoor/outdoor carpeting. Later, I joined a local health club back in high school. When I came home from college I was offered a job there. I was there a lot and I guess they thought I was in pretty good shape, so they offered me a job. They put me on the fitness floor and I showed people how to exercise. I didn't know what in the world I was telling them to do, but they were listening. I hate to think back on what I told them to do then, knowing what we know now about contra-indicated exercises! I just fell in love with it at that point and that was my first exposure.

Q. — Brent, please think back to your path after your first industry involvement as a college student and trace your career path since then.

BD — I graduated with my Masters at Baylor and then went to work for the First Baptist Church of Waco. I was the Assistant Recreation Director. I hosted lock-ins, ran the kiln for ceramics for the seniors, taught aerobic classes in the gym with a record player, held summer kids camps, and ran racquetball leagues, among other things. I did all of the activities you'd find at a church recreation facility. In 1983 I moved back home to Dallas with Melanie.

I worked for several very small commercial clubs in the beginning. The first club I worked in was 1,800 square-feet. Those were clubs that were small enough where you could be the Club Manager. The title sounds great. Of course, there were only two of us who worked there. You do the sales. You do the cleanup. One of the most interesting experiences was that the clubs I worked at in those days were tailored toward executives. They were very much like the express clubs now,



TELOS Coliseum Room

but with Nautilus equipment. We would provide all of the clothing for the men to come in and wear. Shorts, shirts, socks, towels, etc. Part of my job was washing and folding all of those things after you cleaned the showers and the whirlpools at night. In hindsight, it couldn't have been a better training ground. These were places where you have to do everything. I learned about the commercial side of it, the marketing and sales aspects and the operational side during my two years in small clubs.

Then I got the opportunity to go to Texas Instruments as their Fitness Director. After a year I was promoted to Wellness Director. That was a very large and expansive corporate wellness program, one of the best in the country. The job was another great training ground for me. I was there for four years. It was obviously much more about wellness than about selling memberships. We challenged employees to improve their health and provided programs such as smoking cessation, cholesterol management, low back care and a wide variety of wellness programming. All of those things were about improving corporate wellness.

Then I went to Nortel Networks here in Richardson to help design and open their new facility. They had their corporate headquarters here with about 6,000 employees at that location. We had an onsite wellness center and I managed that for them.

Then I got a call and went to the Cooper Aerobics Center here in Dallas, where I was initially the Vice President and General Manager of the Fitness Center. I was also the Executive Director

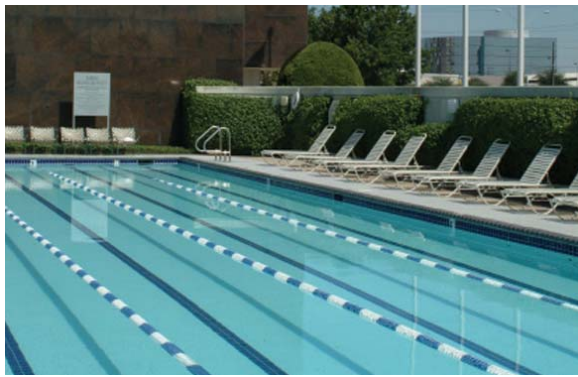
of the consulting division and we acquired management contracts with local companies and corporations to run their onsite programs. Companies like Mary Kay Cosmetics, Fujitsu, , Nokia, Perot Systems, and Page Net. We served several of the many corporate headquarters that are located here in Dallas.

I spent 7 years at the Cooper Center. During that time we developed a day spa there, which gave me spa experience from the ground up. That has helped us here at TELOS. After leaving Cooper, I provided independent consulting in the industry and served as the volunteer Director for "Shape Up Texas" - a non-profit initiative to improve the health of all Texans. All of these career experiences provided me with the training ground for what I'm doing now.

One of the great blessings I've had is to live in the same place all these years and have the opportunity to go to all of these different places. Plus, working for the Cooper Aerobic Center was an awesome experience. That is sort of a one of a kind institution with a lot of history and tradition. I happened to be there at the right place and the right time. That was a great ride.

In hindsight, something that has really helped me a lot was working for those big corporate companies: Texas Instruments and Nortel. The whole corporate structure that was there, the training you're offered and the overall professionalism taught me a lot. We don't usually get that training in school. So, when we get out of school perhaps we get into the health club business

(See **TELOS** page 14)



TELOS Pool



NATIONAL FITNESS BUSINESS ALLIANCE

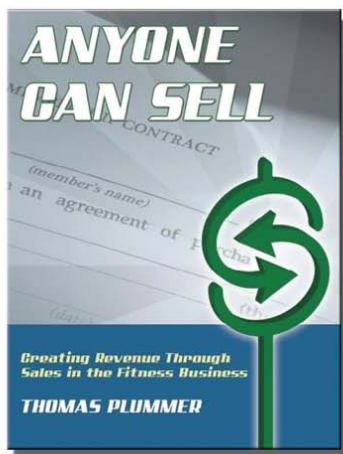
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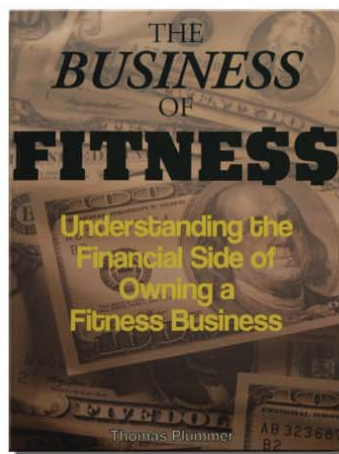
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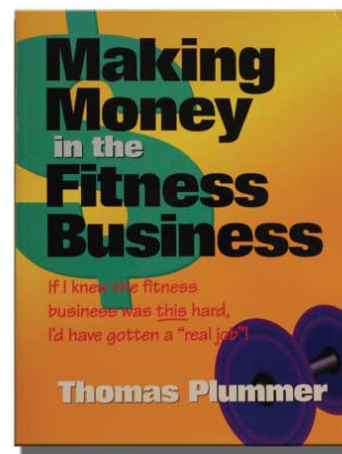
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...TELOS

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without benefit of the sophistication of how corporations approach things. I think, just by default, what I learned at those corporations was really about how a business should be run.

Q. - When and where did you meet your partner and TFC co-owner, Everett Aaberg?

BD - Everett and I first met at the Cooper Aerobic Center. At the time, when I was hired as the General Manager, he was a personal trainer there. I was in the process of evaluating staff and contemplating changes that might need to be made. As Jim Collins says, "Who's going to be off the bus and who is staying on." I remember

distinctly seeing my partner that first day, with his pony tail down his back, spandex shorts and fanny pack. A prototypical ex - "Mr. Colorado" bodybuilder type. My first impression was that Everett wasn't going to be on the bus. But, he fooled me with that first impression. Everett had some shortcomings, but he also had a brilliant mind and a passion for personal training and the business of personal training. He impressed me there in his role as a personal trainer.

Later, Everett went on to be the Fitness Director at the club we eventually took over while I stayed at the Cooper Center. We joined forces again to do TFC together in 2003. Since that time he's had some life changing experiences and

he's turned into an awesome business partner. He's always had the greatest work ethic I've ever seen ... bar none ... of anybody ... anywhere. He works 5 a.m. to 8 p.m. most days of the week. He's written five or six books. He lectures internationally. He's extremely knowledgeable about personal training and bio-mechanics. It's been a great partnership. I handle the business/operational side of things and he runs the fitness/personal training side.

Q. - Who have your mentors in the industry been and how have they contributed to your great and long-time industry successes?

BD - There have been a lot of people that have influenced me over the years. It's hard to recall them all. I will say unequivocally now, that I've learned a tremendous amount from publications like yours, Club Success, Fitness Management, the IHRSA conferences, which I religiously attend and the Texas Health and Racquet Sports Association (THRSA), which I helped found many years ago. I am a reader. I try to stay up on things and follow and learn from people who are much brighter than I am about how to do things.

But two of my mentors that stand out, if I had to name two, would be Rick Caro and Charles Sterling.

I've gone to almost every seminar Rick Caro has given over the years, both locally and at IHRSA. I've read things that he's written and learned a lot from him, particularly about financial and operational aspects of the business. Even though we don't know each other extremely well, I have a real appreciation for Rick's knowledge and work.

Charles Sterling was the President of the Cooper Institute, not the Clinic or the Fitness Center, but the Institute that does the certification courses. He's the one who recruited me initially to come to work for the Cooper Aerobic Center. He has a great business mind. He knows how to handle people. He knows how to run a business on a day-to-day basis and puts structure and systems in place to make that happen.

Rick Caro and Charles Sterling would be the



Ed Fishman (TELOS member) & Matt Lindenmeyer (Pro Trainer)

two that have provided me with the most direction over the years.

Q. - Please tell us about your key people?

BD - As far as our key people here, of course my partner, Everett Aaberg, would be #1. And, we have 10 department heads that we call Directors that are part of our Leadership Team. If we've had success here, I would attribute it to the really great people that make up TEAM TELOS.

Of course, that's no surprise. Getting the right people is essential and everybody knows that. But, having grown up in this area and worked for so many places along with my partner, we knew the talent around Dallas. And, we've been able to attract some of the best that are out there. We just have a really strong team. As I tell them all the time, you can go around the country and probably find up to two or three real super-stars in some clubs, people that are really good in their roles. We've got a super star in every seat. I don't want to single them out individually, but I do want to mention all ten of our Directors and their areas of responsibility now: Clarisa Duran, Sales & Marketing, Tara Hummel - Service Desk & Pro Shop, Allison Treadaway - Programs & Spa Services, Kristina Meny - Childcare & Executive Assistant, Veronica Combs - Pilates, Louise Bunnell - Group Exercise, Cecil Hightower - Professional Training, Wayne Higgins - Maintenance and April Chessir - Café, Jil Johnson - Business Office. (See cover page).

Q. - Among many honors, Brent, you were honored by IHRSA in 1998 with

its first ever General Manager of the Year Award, a wonderful honor. Please tell us about your feelings when you received that distinction and recognition from IHRSA.

BD - My first feeling was just WOW! What an unbelievable honor. I've been a judge for the Nova 7 Awards and for several other things over the years since then. So, I know a lot of it is being in the right place at the right time. I am such a fan of IHRSA. I think I've only missed one conference in the last ten years. I've never gone to an IHRSA Convention when I didn't come back with a lot of ideas, a lot of motivation and having learned something from it. So, it's great to be a part of that. And, it's great to be recognized as somebody that maybe can contribute something back to the industry. It also holds me accountable because once you supposedly are pretty good at what you do it also raises the bar. You've got to make sure you deserve to stay up there.

Q. - Obviously Brent, your mindset throughout your career has now given you and Everett the ability to create a club product with a great brand name, *TELOS Fitness Center*, that you've lived up to very well and a tagline that perfectly describes your club operation: "*Redefining The Fitness Experience*." Tell us about the name of your club and your tagline please.

BD - First of all, *TELOS*, by definition, means: *to accomplish one's goal, to reach a final destination.*

"*Redefining The Fitness Experience*" is our vision statement. We've learned over the years and understand that what we really need to offer at TFC to be
(See *TELOS* page 16)

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...TELOS

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truly *unique and distinctive* and *successful* is to provide an “*experience*” in the *product that we are delivering to the members*.

That goes far beyond, of course, the facility and the equipment. *It's a combination of all things considered* once they enter the doors: the reception, the esthetics, the services, the quality, the other members, the relationships, creating the sense of belonging and the sense of community that people are looking for. So, when we talk about “*redefining the fitness experience*”, we're really trying to be something a little bit different from facility design to service delivery. Operationally we take a very *integrative approach* to how we're helping people with their fitness. We're really trying to *combine nutrition, exercise and therapy* when we're dealing with somebody about their health and fitness. Usually, as you know, those things can be very separate. You might talk to your personal trainer and he or she may give you some advice on how to design your program to get in shape or how to do a particular exercise. Then, if you speak to someone else on staff, even in the same club, their advice may be completely different than what the personal trainer told you. Or, the advice may have some similarities, but certainly will not be connected, because those are two different people giving advice which can confuse the customer. Here we *take a case management approach* where we share the information about our members between those entities: *nutrition, exercise and therapy*. So, the

nutritionist really does talk to the personal trainer and if the member is having some sort of an issue or an injury our personal trainer talks with the therapist. We have massage therapists, muscle activation, ART, “Active Release Therapy, and Chiropractic Services in-house. So, the information about members and what their goals are really flows from one entity to the other to *make sure we're taking a comprehensive approach and everybody's communicating* about the *advice* they are giving to the members. That, at least from my experience, is pretty unique.

When people come to work for us, I ask our new people: “Why do people walk into our doors?” And, the answer is always that they want to get in shape. That's why. So, if they want to get results and we can help them get results and get in shape, it's the ultimate match. It's a great business for us because the more likely they are to get results the more likely they are to stay. The less likely they are to get results, (which is what they want), the less likely they are to stay. So, *we all should be doing everything possible at the very root of our whole being to help them get results*. That's not just the *right thing to do*. It's also *good business*.

Q. - How many memberships (and total members) do you have?

BD - We currently have 1580 memberships which translates into about 2,400 members.

CLUB INSIDER - I also noted your rates on your membership rates and policy. You charge and have what I'd call “*sane membership rates and policies*.” You charge between \$104 and \$269 per

individual and \$165 and \$369 for a couple. You give great value in your club and you're getting back the money you need to operate an excellent club business. More sanity in your operation that I've noted is that you offer month-to-month, NO contract memberships that allow a member to leave with a simple 30-day notice. More sanity, I say.

BD - You understand that Norm, unlike a lot of people out there. About our rates, I use the hotel analogy all the time. If you're going to try to provide really good service, your customer can't pay *Motel 6* rates and get *Four Seasons* service. The two higher rates and excellent service usually go together.

Q. - Tell us Brent, about your personal training business, please.

BD - *This year we will do \$2.8 million in personal training*. We have 20 full-time personal trainers who charge on the low-end, \$75 per hour and on the high end, *my partner Everett Aaberg charges \$300 per hour*. We try to *position ourselves as the luxury end of the market* in North Dallas. And, that's been a God's send decision because LA Fitness, Life Time Fitness, 24 Hour Fitness are here big-time and Gold's Gym has even moved their headquarters here. All of the major chains are here in force and others are on their way. LA Fitness has put in over 20 clubs in the Metroplex in the last two years. Life Time dropped over 5 clubs in. We have 8 clubs within a 3-mile radius.

CLUB INSIDER - Everett Aaberg (and Brent Darden) were the benefactors of what Aaberg thought was an awful happening when an investment group he had assembled to build a 10,000 square-foot personal training center fell apart in a matter of two or three days, but fortunately, just before he signed the lease. Ironically, and almost at the same time, he received a phone call from the landlords of the North Dallas Athletic Club where he was the Fitness Director/Personal Trainer, who were in the process of evicting the previous operator. Aaberg felt the club was way too big, at 63,000 square-feet, for him to effectively and successful-



TELOS Spa

ly employ the business plan he had created (with Brent Darden as a consultant) for his 10,000 p.t. center. He told the landlords that. Upon telling them he could not do it, he also told them he knew someone who could: Brent Darden. So, Darden and Aaberg teamed up, were able to get all of his investors back in, added more and got their start in August, 2003. As Aaberg says, “This was *not a sinking ship*. This was a *sinking tanker*. It was huge and was losing over \$70,000 a month when we took it over!” So, Brent and I took a run at it. We lost a lot of money those first six months, almost to the point where we were very close to being out of money and having to go back to the investors. And then, it just slowly started to turn around and by the end of one year we actually became profitable. 12 months from when we stepped in we made a profit of a few hundred bucks.”

See sidebar article about Everett Aaberg on page #18 at the end of this cover story report.

Q. - Brent, obviously your partner has played a huge role in the life of the TFC. Would you share your annual revenues with us and what percentage of your revenues are from other non-membership income categories?

BD - We are on track to do right at \$6 million in 2007. - **Importantly, 70% of our revenue is from non-membership sources**. So, it's completely inverted from the club industry standard. The industry pretty much recommends 70% from dues and 30% from non-dues revenues. *Our revenue is 30% from membership and 70%*

from non-dues. We came in and took over the club the first year without it closing down. It had gone bankrupt and the previous owner had been evicted. The first month we lost \$70,000! We knew we would be in a fight for members in this crowded market and this strategy actually was part of our original business model when we began four years ago.

CLUB INSIDER - WOW! That's a “**TELOS Texas Turnaround**” for sure! That means you're 63,000 square-foot club is generating \$92 per square-foot, a high per square-foot gross revenue figure for top IHRSA clubs. And, another awesome thing about that is how rapidly you've achieved that *complete turnaround*.

BD - That definitely was part of our business model. As good as it sounds though; it was also *part of our business survival*. People like yourself, Rick Caro and John McCarthy have been saying for a good while now that the number of members that are available is really starting to be smaller because there are so many clubs opening. I'm a big believer that you've got to find ways to make it on fewer members and that is what we are doing here. Focusing on total revenue per member has been instrumental to our success.

Q. -- Brent, please share five or more of “tips for success” so our readers seeking ongoing improvement of their clubs may consider your tips and employ your experiences in their clubs..

BD - Well, #1 I am a big believer in making sure you share the vision of your company with everyone involved. Sharing your vision (See **TELOS** page 18)



TELOS Pilates Class



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...TELOS

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with your employees in such a way so they can relate to it, understand it and know how they fit into what that vision is. That's not a new concept. But, I just think, too often, club owners or managers don't really open the books and share with employees what the company is really trying to accomplish when their employees have so much to contribute towards that. That would be my first tip: formulate the vision, then share it and once you do, share it consistently.



Leslie Letz (staff) conducting A.I.M. Assessment training with Kari Boswell (staff)

#2 – Learning the value of being a “talent agent”, meaning identifying talent in the hiring process, recruiting talent and once you’ve got it, developing that talent. As the old saying goes, “People are your greatest asset.” I think a lot of people don’t really believe that. Even if they do believe it, they fail to invest their time on really thinking about who they want on their team and how they’re going to get those people to maximize their potential. So, if you want to be successful as a leader in this industry you’ve got to be a *talent finder and a talent developer*.

#3 – For managers, at least, I’d say never stop trying to be qualified for the job. You’ve got to always be finding out who can do something better or who you can learn from. Just like I’m having this conversation with you and hear about what other people are doing, you should never feel like you’ve made it. You should always be trying to find a better way to get it done.

#4 – Think about the experience you want your

customers to have and also the experience you want your employees to have. Most of us want to provide a place to work where people really enjoy going to work. That doesn’t happen by accident. Really putting your mind to how you can develop a club culture that will provide a sense of community for the members and staff that you really want it to be. And, putting the systems and processes in place that will allow that to happen. Then stepping back and giving people the freedom to perform in that value based structure.

#5 – Be true to your-

self. Which I think in this business is: *decide who you want to be*. Again, going back to Jim Collins’ “Good to Great” concepts. What are you really passionate about? What do you want to do for a living? What can you be the best at? What can you make money doing? And, then really try to focus in and do just that, not trying to be everything to everybody. Or, think that you have to.

Brent Darden and Everett Aaberg have set a standard at their 63,000 square-foot Telos Fitness Center in Dallas, Texas for all clubs around the world to emulate and aspire to. The early level of success and achievement during their first four years chronicled here may have set the bar at an all-time high for a new club. This performance has not been by accident. And, it has not been in a vacuum. In fact, it has come in a marketplace where during their four-year run has seen something like 100 or more clubs arrive. To the contrary, the performance of this club that will celebrate four years in August, 2007

has come as a result of the great preparation, deep experience and vast knowledge of this industry that Telos Founders Brent Darden and Everett Aaberg brought to the planning table. Moreover, their skillful talent searches, key player selection, nurturing, cultural training and management of their 10 key staff members has truly brought Dallas, Texas a club product that is way out of the mold and far, far from and above the ordinary. While reaching what may be unprecedented levels of success for TELOS Fitness Center, Brent Darden says their facility and operational improvement focus and work continues on. Truly, Darden and Aaberg are living up to the name of the club for their members: TELOS, the Greek word meaning: to accomplish one’s goal, to reach a final destination. Moreover, for sure they are “Redefining The Fitness Experience.”

This cover story contains many ideas and tips for each of you that will help your club business. Please take the time to go back over this story, identify what you might learn from it and note ideas for your own use. Then, take the ideas and tips and apply them to your business to improve the success of your own club(s). There is nothing wrong with learning from the greats in this industry. In fact, if you are not learning from others, you can become stalled in your quest for club greatness and advancement of your club in your market. Don’t be stalled. Be charged up and move on with what you’ve learned from reading

here. Your members and your wallet will be the beneficiaries.

(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)



Everett Aaberg of TELOS Fitness Center

World Class Personal Trainer Director and \$300 Per Hour Trainer

By Norm Cates, Jr.

TELOS Fitness Center Fitness Director, Everett Aaberg’s responsibilities include management of all of the training sides of the TFC business. Aaberg commented, “My directive here is to help recruit, train, manage and provide continuing education for all the fitness professionals who serve in the different areas of our integrated fitness services. That would include our personal training, Pilates, clinical massage therapy, M.A.T. specialists, Group fitness, Yoga, and also work directly with our provider of chiropractic services. I also still maintain about 40 hours a week in personal training.”

Folks, Aaberg’s personal training fees are \$300 per hour and in Dallas, the average rate is about \$75 per hour! Based on a rough calculation, he brings in over \$40,000 in personal training revenues per month by himself, plus he manages and supervises 19 other full-time personal trainers who bring in the balance of the \$2.8 million the TFC professional training department generates!

And, somehow by

this time in his career, Aaberg has found time to author six books on training. They are: “Biomechanically Correct”, “Strength, Speed and Power”, “Muscle Mechanics” 1st and 2nd editions in several languages and “Resistance Training Instruction” 1st and 2nd editions.

Everett Aaberg could be a cover story all by himself! In response to how TELOS has grown their TFC p.t. department to \$2.8 million per year, Aaberg said: “First, we only seek to hire and supervise full-time professional personal trainers who are willing to work 40, 50 or even 60 hours per week. That’s what we look for, what we train them to do and that’s what we expect. They are expected to do a much higher volume than average personal trainers. And we’re really big on education. We have about 10 trainers who are also RTS trained, are Muscle Activation Technique (MAT) Specialists, and all of them are becoming LMT (Licensed Massage Therapists). This extensive cross training helps them to learn to integrate several modalities of therapies along with our unique system of corrective exercise to help clients improve at unbelievable

levels.

In response to my request for three Tips for Personal Training management success, Aaberg replied:

#1 – I personally as well as our leadership team, provide the “first example” of what constitutes a great professional trainer. Our top guys as well as I most often arrive at TELOS at 5 a.m. in the morning and many days are here until 9 at night. I am not saying to club owners this is what they must personally do. I am saying to club owners they must find leaders, or “head trainers”, that will set the bar and provide a productive example. These people may not always be great managers, directors or the best at running the business. You have to have some high-end, seasoned, yet very team-minded trainers to help build the type of professional and productive program that club owners desire.

#2 – You need to have a strong in-house continuing education program coordinated by the head trainer and involving senior trainers helping train newer trainers. In most companies, (See Everett Aaberg page 24)

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Customer Service: It's Not What You Think!

By Will Phillips

Customer service may offer NO significant value in most clubs. This view is based on growing evidence from *other industries* that customer service is not what you think.

Over the last eighteen years as the leader of eight club owner Roundtables, I have had the opportunity to see how club owners think. Their outlook is largely tactical--not strategic. Their focus is on profit and revenue this month or this quarter or this year. We design our club, equip it, hire staff and then layer on customer service with smiles, handling complaints and front desk charm--this is tactical customer service. Strategic customer service begins at a different point, and its absence in clubs may leave many dollars on the table and open the door for serious competitors to enter and eat your lunch, breakfast and dinner.

TACTICAL vs. STRATEGIC CUSTOMER SERVICE

At its core, customer service means knowing and serving the customers' needs. Many industries begin here, but then, when faced with competition or in giving reign to their owner's business creativity, add extensions to their core product which may actually reduce customer service.

Early on, Ford made cars in one color -- black. When competitors added color, so did Ford. Instead of one product--a black Model A, there were dozens of colors. Eventually General Motors, in its attempt to serve everyone, offered close to 10,000 variations in car frames, models, colors, radios, power windows, two tone colors, engines and accessories. All this added higher costs in an attempt to serve the customer and better compete. It also meant the product became unfocused.

Meanwhile Toyota developed a range of closer to 150 variations keeping their focus on the core customer need of RELIABLE TRANSPORTATION. Toyota has never lost sight of this core

need. Like a bull fighter who distracts the charging bull off target, all U.S. car makers lost sight of the core customer need -- reliable transportation. And now Toyota's market value exceeds all U.S. car makers. All the variety and extras which Detroit experts said were to please and attract customers--have not really worked very well.

Likewise with the clubs. The core need for significant segments of the market is not the sort of service many clubs practice -- multiple offerings, smiles, towels and names remembered, but exercise. The newer, very low cost clubs which quickly sell 5,000 memberships points out what many customers really wanted--a clean, well lighted place to exercise. Delivering that and just that serves a significant customer need. Adding on 'service' staff adds little real value for those customers. Of course, such clubs will not serve the whole market just as Toyota Camry's are not right for everyone. But for the right segment they become Toyota loyalists for life.

Worse than defocusing from the core needs of a market segment is adopting methods which infuriate customers by binding them with contracts, bleeding them with little charges and confusing them with fine print. Why do this when we are committed to customer service? Because it pays. A number of industries have adopted standard methods to extract maximum value from customers and these standard methods create customers that hate them and defect at rates of 30 to 50% a year. The research¹ has identified key industries that pursue these counter customer service strategies (CCSS). They include banks, car rental and cell phone companies, and health clubs.

1 Companies and the Customers Who Hate Them by McGovern and Moon June 2007 Harvard Business Review Reprint R0706D. The quoted pieces are from this article.

THE TRAP MOST CLUBS HAVE FALLEN INTO

Why have these industries fallen into a trap where their standard practices create huge customer turnover? It is profitable and the executives are not strategic. Here is why.

#1- Tactical is always easier. Just respond to the pressures of the day. Follow the crowd, little thinking required. Low creativity works. Adopt False Best Practices (FBP) from within your industry by copying what others in the industry do. When the phrase "best practices" was coined, it really meant 'BEST' not 'BETTER'. By definition no industry included BEST in everything from accounting to training to sales, etc. To get BEST practices you mostly have to go outside your industry. Thus when XEROX wanted to improve the customer service of its parts replacement division it selected the company with the highest customer service ratings for parts. It was not in the copier industry where everyone's service was poor. They selected L.L. Bean and sent a team to observe what they did. On returning they could dramatically upgrade their service. In the club world too much focus on what other clubs do creates STANDARD PRACTICE, not BEST PRACTICE.

#2- A primary attribute of strategy is that you focus. Most strategic planning rarely causes clubs to focus. How often have you seen a so called strategic plan which lists all the plans and actions and projects and market segments that will be abandoned to achieve focus? Strategic implementation is based on focus. And it rarely occurs because it requires you to make tough choices and to let go. The experience of many club entrepreneurs is that they are in control; run a good business and can do anything they set their minds to. This is the challenge of the successful person with pockets full of gold that falls overboard and starts sinking -- does he focus on money or living? For a business version of this story see the S

Curve article at www.REX-online.org. Also, look up Michael Porter's article in the Harvard Business Review What Is Strategy?

#3- Most club owners prefer the current crop of customer service models and training which do not focus on understanding and serving the customers' needs, but rather on how to be nicer to the customer. Human resource oriented people gravitate to writing books and giving presentations and training about how to love and respect your customers. These are peppered with moving stories about good and bad customer service that we all identify with. The stories stir our emotions and we want our business to produce such anecdotes. The worst implementation of this philosophy occurs on the phone and in medium priced restaurants. "My name is Jody and I will be your server; if you need anything, just let me know."

-I really don't need to know your name.

-It is obvious you are our server; why else are you standing there with an order book?

-When I really have a need - more water - I can never find you.

Or the phone call with the recorded message "Our customers are valued partners...Followed by ten minutes of neglect while you hold or worse pay roaming minutes on your cell phone. See Laura Penny's book: "Your Call Is Important to Us - The Truth About Bullshit".

The Customer Service Myth is that customer service is a required part of good management. Of course, it is, but not the kind of smiley, apologetic, we'll fix the problem service that too many clubs practice. Nor is real strategic customer service a matter of towels.

#4- Customer service of the tactical type usually installed by businesses turns out to be extremely difficult to install. Three days of training gets everyone on board...for a few months and then the services invariably declines. Only rarely does a business embed this type of service and make it a permanent part



Will Phillips

of the club. It requires right hiring, right training, right culture and right rewards. It also requires retaining your front line staff year after year. When the staff changes every few months or years, it impacts service. For more on this, see Len Schlesinger's series of HBR articles from a decade ago.

The tendency to supply tactical customer service means many industries slip into practices that fail to serve their customers needs which means they leave them at rates of 30 -- 50 % a year and end up focusing their business on expensive advertising and sales efforts.

One of the most influential propositions in marketing is that customer satisfaction begets loyalty and loyalty begets profits. Why, then, do so many companies infuriate their customers by binding them with contracts, bleeding them with fees, confounding them with fine print, and otherwise penalizing them for their business? Because, unfortunately, it pays. Companies have found that confused and ill-informed customers, who often end up making poor purchasing decisions, can be highly profitable indeed.

The majority of firms that profit from their customers' confusion have unwittingly fallen into a trap. Without ever making a deliberate decision to do so, they have, over a period of years, taken greater advantage of their customers.

Here are a few examples. Over half the income to U.S. cell phone companies comes from customers paying (See Will Phillips page 22)

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...Will Phillips

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ing for and not using all their minutes or using too many minutes. It's a game to see if you can use exactly 300 minutes per month. A game the customer always loses. See WWW.hateverizon.org.

No one gives up their cell phone because of this aggravation, but they do defect at close to 25% a year even with severe financial penalties. The cell companies in turn must engage in on going, expensive and aggressive sales tactics and promotions where each new customer costs \$ 300 to \$ 400. When Virgin Mobile offered no penalties for leaving, they benefited with two thirds of their users referring the service to friends and family.

Banks may tally up checks against your account at the end of the day in order of size as this is more likely to produce multiple overdrafts. Banks usually charge for ATM usage. Then along came ING Direct with surcharge-free access to a network of ATMs and other customer focused services. ING Direct

is now the fourth largest thrift bank in the United States and growing rapidly with strong customer referrals.

Health clubs have made it hard for customers with long-term agreements, fine print contracts and complex cancellation procedures. A recent investigation in New York City concluded that "41 % of clubs in the city didn't explain their fees in writing, 81 % didn't give potential members a contract to read at home and 96 % did not inform customers of all the ways they could legally cancel a contract." Not surprisingly, many of these firms have faced the same customer wrath that has plagued cell phone and banking industries.

The authors go on to point out that 'LifeTime Fitness has become one of the largest fitness chains in the country by eschewing contracts altogether. Membership to LifeTime Fitness comes with a 30-day money back guarantee and can be canceled at any time with no penalty. The company's attrition rate is 10 % below the industry average.' Similarly, Geoff Dyer, founder Lifestyle

Family Fitness based in St. Petersburg, attributes their fast growth in membership and locations in significant part to their similar Comfort Guarantee that does not require a long-term contract.

As a club you should be on the lookout for signs of these harmful practices in your business. To start, executives should ask themselves the following four questions:

- Do you earn significant profit from customers who are not using your services? Like unused cell phone minutes?
- Do we have rules that we produce profits when customers break them? Rules that we find customers do not understand?
- Do we depend on contracts to prevent customers from defecting?

Great CEOs recognize and size opportunities: they also identify and eliminate vulnerabilities. Stepping outside the box in your thinking can lead to strategic breakthroughs in delivering customer value.

And are you hungry to fight the Y? Well, I suspect that many YMCAs, with a low-

er profit drive than clubs, may in fact have a greater focus on serving the customers' real needs through clearer contracts and rules that are more customer oriented. I may be wrong but I have never seen a six o'clock news report on how a YMCA has mistreated a member or the attorney general of a state investigate the contracts a Y uses.

(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.)

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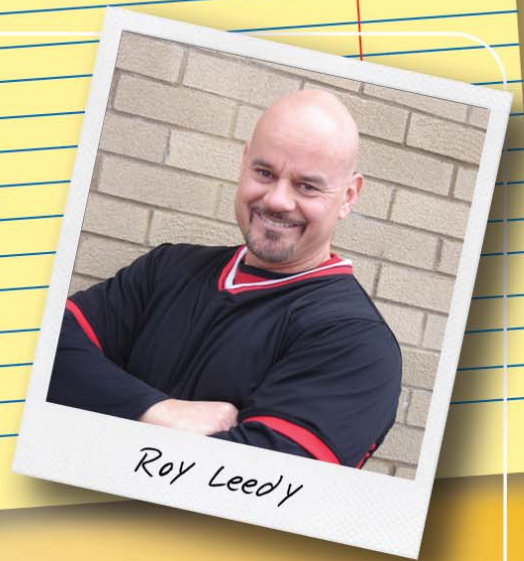


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What To Do When Traditional Marketing Doesn't Work

By S.D. Robb

In the health club business, it's survival of the fittest – not the biggest or the cheapest. The strength of your business can be measured in direct proportion to your popularity. To be popular, you have to have personality and visibility. Public perception exposes and eliminates the weak – he who has the most remarkable product usually wins. How else can a population judge, endorse and support your brand if you are invisible, or worse, unremarkable in terms of how you identify yourself in a marketplace saturated with me-too's and wannabes.

Today's business faces a unique, global challenge never before experienced in the world of marketing and advertising. There is too much advertising being thrown at us and we have simply stopped listening. The average consumer is bombarded with an average of 3,000 marketing messages every day and has become distrustful and efficient at tuning them out. And who can blame them?

It is indeed a dilemma, especially for those clubs who favor practicing traditional marketing using standard methods like newspapers, mailers, radio and television. Traditional marketing is dying. Clubs today need to distinguish themselves in the marketplace and find alternative methods of communicating in order to thrive.

You are taught to look to your points of separation and market your differentiations. But do you really know enough about your competi-

tion to make that identification? Perhaps the question is less about how to market your differentiations than it is of developing the kind of unique core culture that becomes in itself a marketable commodity. There is a subtle difference. By creatively transforming your product or service into a remarkable experience you attract the kind of clientele that become loyal, even fanatical, enthusiasts.

There are whole populations of people who would gladly pay more for an exceptional experience and the right kind of marketing, believe it or not, can help you achieve this distinction. The question left unanswered is, how do you practice exceptional marketing to an audience that has simply stopped listening?

If your stock answer is offering a limited time offer sale, discounting enrollment fees and providing free time or gifts for joining, then you need to hear this: If there is one thing I can stress above all else, it's that people are not motivated to undertake a profound lifestyle change requiring commitment, energy, time and money (which is in short supply as it is) simply because you happen to be having a sale. The world has changed and you have to accept that everything that used to work, no longer applies.

The fact is, today's consumer is in complete control over what they choose to pay attention to. Your only line of defense is to find innovative marketing channels to be in your customer's peripheral vision so that they will hear your call when they're ready to listen. You have to

be prepared to be take some creative risk, be somewhat aggressive, but most of all consistent.

This year, when building your marketing plan, think creatively and in terms of layers, adding practical promotions and innovative ideas until you have a well-rounded and eclectic mix. Traditional media, including newspapers, radio, television and direct mail are still viable but new approaches to their design and function will influence a stronger return. Advertorials, public service announcements, and scratch and wins are excellent methods for increasing advertising response rates. Include transit and theater advertising, bus or car wraps, neighborhood marketing and corporate programs. Add a mix of each to your plan and invest in a professional agency to assist you with the creative (junior designers employed by media are notoriously unremarkable).

Like the seasons, you should run distinctive promotions at different times of the year. Segment your annual budget into manageable blocks and then plan your spending from there. Understand your media and survey your best clients to find out what they like to read and listen to. Layer long-term with short-term promotions and communicate both externally and internally. Cross-promote your business with various neighborhood alliances and build them into corporate partners. You should look at unusual ways to get your brand and offer out there. A plan should be fun to create, easy to manage and simple

to execute.

Include some guerilla-style promotions. Print guest passes or personal training promotions directly onto golf balls and distribute through local courses as a fun giveaway. Deliver your brochures to corporate partners in baskets filled with juicy apples that sport a guest pass sticker. Throw branded Frisbees into the crowds at sporting events. Place double-peel stickers that contain a special offer on all your merchandise tags as a gift of purchase, encouraging repeat sales.

Do not neglect to advertise within your club. Large posters, banners, staff badges, and digital videos are excellent, cost-effective ways to generate the kind of buzz that encourages referrals and strengthens retention.

Reinvest revenues by giving your website and e-newsletter an extreme makeover. It used to be that people would stop into your club for a tour – now they tour your website first. Instead of just advertising your amenities and services, your site should be an online extension of your club and a critical part of your strategy to establish and sustain meaningful relationships with prospects and clients. Design your site to become a resource of information and update it often to encourage repeat visits. Include an opt-in newsletter form, a community survey, referral and guest passes, autoresponders, podcasts, video footage, personal training demonstrations, a blog, a forum, a members page, healthy recipes, kids health, daily specials and e-newsletter archives, etc.. Every page



Sherry Robb

should contain ways for prospects and members to initiate contact and for you to capture their information.

The world is changing it's response to advertising and that means you have to change your approach, too. With a little ingenuity and imagination you can turn your promotions into differentiators and use them to establish a unique edge in your marketplace. Remember that marketing requires variety and consistency and creativity to differentiate your business over time. Plan your attack. Layer your promotions. Be creative. Go guerilla. But most of all have fun!

~ S.D.Robb.

(S.D.Robb is the CEO and founder of Market My Club and author of *How to Market Your Health Club, the Essential Owner's Guide*. For more innovative ideas and to order her book, visit www.marketmyclub.com or phone 1-888-765-4717.

...Everett Aaberg

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each trainer has a varied background and comes in with their own theories and training systems. This presents a dilemma for the customers who feel they can never get a common answer or approach towards reaching any goal or addressing any problem. The company then appears to lack credibility and a very competitive and unproductive environment quickly evolves in such settings. A consis-

tent and well run continuing education program creates a more unified team by promoting open discussion and formulation of some common training principles and philosophies. This also helps the company continue to duplicate the skills, work ethic, habits and even the positive attitudes of their most successful trainers. However, the law of duplication means you must start with a high quality original. Once you get even one good person to duplicate, clubs should figure a way to

recognize these individuals, give them incentive and empower them to teach and lead the other trainers towards success. Over the years working directly building such programs and as a consultant for several other companies I've learned different ways in which to set up all-important compensation: head trainers can receive a percentage of the team's overall production, they may get a straight salary for their roles or they may simply receive a higher commission and are allowed

to charge higher rates in return for their important contributions. This education and communication program is very important because you get the whole personal training team on the same side.

#3- Once you have good leadership, a great continuing education program and have developed a productive team of professional trainers, there is still an important step to take. Now, you have to integrate your training program with the rest of the club. What that

means, for example, if you have Pilates, dietitians, Yoga and group fitness classes, therapists, chiropractors, or any other service available, your personal trainers need to be onboard with those services to help sell and promote them. Your personal trainers are positioned to be the best sales team for all of your services, programs and events you wish to be successful with because they tend to have more influence over their clients and most of the

(See *Everett Aaberg* page 27)

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The Power of Design in Making A Club More Successful

By Bruce Carter

"Starbucks has had phenomenal growth for many years. One of the key points to their formula for growth and to get \$5.00 for a cup of coffee, was to create an enticing, inviting environment for people to come to. In other words, something special and what people were not accustomed to finding in a "coffee shop".

Clubs can learn a profitable lesson from Starbucks by understanding the need to create a warm and exciting environment for their facility. The result will clearly be more members and more profits.

Starbucks learned that they were selling more than coffee. Clubs are selling more than fitness. Yet, so many facilities are boring and uninviting. Thinking has been, "people are here to work out and that's it". Yes, this is true for the fit wanting to get fitter – about 3% of the population (or 20% of a club's membership). Yet, the majority of the club market is people wanting or hoping to get fit, and they need a lot more to get them

motivated. This market segment is responsible for the majority of the growth from 29 million members in 1999 to 42.7 million members in 2006. This group responds strongly to a place that they love going to -- and that they don't want to leave.

Keep in mind that most people hate exercise. So, for the most part most people don't love coming to a club – especially those that are overweight and very uncomfortable with how they look.

Can a club's environment do this? Absolutely. Just as it enabled Starbucks to sell billions of dollars of coffee every year. Now, if a club wants to be competitive and have maximum profits, they must put much more focus on how their club is designed and how the interior looks. This applies to both new clubs and existing clubs that need to renovate. Keep in mind that if your club does not look exciting and beautiful – if your club does not have members saying to their friends "you got to see this place" then you are losing out on substantial sales and prof-

its.

To achieve an exciting club for minimum dollars, here are four key points.

#1. Color – colors have an energy – a vibration and they can "make or break" your club. Paint is the cheapest way to make a powerful impact on your environment. The colors that are extremely popular now and have such a positive effect on your environment for members wanting to be at your club are yellow (only softer shades), tans, rust, gold, copper, greens (only certain shades), and oranges (only certain shades).

#2. Finishes – this would include tile, laminates (for reception desks, vanities and lockers), granite, carpet and rubber flooring. Earth tones work well and so many wonderful inexpensive choices are available. For example, lockers look good with a rich wood tone and stainless steel accents look great on areas such as reception desks and columns. Darker carpet with movement in the pattern and a natural stone look for tile can make a substantial difference in the upscale look of a club.

#3. Accent lighting. This should especially be used in the entry/lobby area, locker rooms and parts of the workout area and includes hanging pendants, wall sconces and recessed can lighting. Again, stainless steel fixtures work well in clubs. Remember to shop for fixtures because lighting prices vary substantially for similar looking fixtures. Going on-line makes this process much simpler and a few dollars goes a long way in creating warmth in some areas and excitement in others.

#4. Variations in space such as the use of levels, curves and angles. Curves, for example, create warmth and excitement and can be used for soffits above doors or entry ways. They soften the environment and give it more of an upscale look yet do not have to be used a lot to get a positive effect.

There are obviously many more ways to enhance a décor that will make your club seem more in demand to your marketplace. Even if your club is smaller than larger competitors, you still can



Bruce Carter

be competitive with a beautiful environment. This has proven to be true more and more and any club that does not strongly focus on creating a "talk of the town" interior in the future will be left behind in the marketplace.

(Bruce Carter is President of Optimal Designs International and a founding member of the new International Alliance for Life. Bruce may be reached at: bruce@optimaldsi.com or by phone at: (954.888.9564 or by going to: www.optimaldsi.com)

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...Jim Thomas

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refine and improve their sales skills. It's a continuous learning process.

The health club salesperson must learn how to change his behavior to meet the needs, drives and personalities of the club guests and members. The successful health club salesperson is a chameleon. He will change his behavior. And, to some extent their personality, to meet the ways in which different guests and members need for him to behave.

4. Do they have the ability to build positive relationships? Do they have a winning attitude?

The successful health club salesperson is the individual who can quickly build trusting relationships with all sorts of people in the community and inside the club. That requires empathy, the ability to listen, perceptiveness and the ability to mold themselves into the kind of person the prospect and club member needs.

Those are relationship -building skills. And the most successful health club salespeople are relationship builders.

5. Do they have a self-image of success? Do they see themselves capturing every sale?

People tend to live up to their image of themselves. We all understand that.

Every one of us can think of people in our own life who have lots of ability and potential, but who never live up to that potential because of their poor

self-image. Somewhere, they developed a poor self-image and began to think of themselves as incompetent, unable or unworthy.

6. Do they really want to be in sales? What is their personal motivation?

The best health club salespeople all have within them a drive to excel and to be the best. They have a desire to persuade others. They have a desire...to get you to see their way of thinking.

It's that internal motivation that drives all the other qualities of the superstar salesperson. And that drive to succeed is far more powerful than any of the other qualities. Given a strong internal motivation, sooner or later, the health club salesperson that is driven to success will succeed. It's only a matter of time.

Now, add that internal drive, an ability to learn, an image of success and achievement, a high energy level, personal integrity and the ability to create strong business relationships and you have the ingredients of a superstar health club salesperson. And, should you find a salesperson like this, get ready, because they will make your health club the most interesting it has been in a long time. Oh...and by the way, profitable.

Now, go find that health club superstar.

(Jim Thomas is the President of Fitness Management USA a Texas-based club consulting firm. Jim may be reached at: (800) 929.2898.)

...Everett Aaberg

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members than other employees. That also means if they're not helping you in these areas, they are probably hurting you. However, for trainers to feel loyalty *to* the company they must also feel loyalty *from* the company. Clubs that do not have a good rapport with their training staff set themselves up for disaster by positioning these employees to develop strong relationships with their best customers only to later see them leave and take the customers with them. A training program that has good leadership, is well educated, integrated with the rest of the company and feel valued are less likely to leave. And even if they do, your program should constantly be developing the next wave of trainers so high quality replacements are ready to go. I believe the reason why so many new personal training studios are popping up all over the country is that clubs do not understand these points. At TELOS we have a very low attrition in our training staff, and it is rarely ever one of our top trainers. Pri-

marily, the only time we ever lose any trainer here is: (A) some other company recruits one of our junior trainers as a head trainer, (B) they make a total career change, or (C) we let them go. Our training staff is truly a team, well trained and educated, very positive about each other and the company, feel valued, and for the most part happy and obviously extremely productive."

This portion of this amazing TELOS Fitness Center cover story is just a sample of what will come to you in a future edition of The CLUB INSIDER News. We will deliver in an upcoming edition an in-depth follow-up report featuring Everett Aaberg, (who was also a former Academic All American Football player and two time "Mr. Colorado") and a couple of other highly successful personal trainer managers in America. **STAY TUNED!**

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Body Training Systems® (BTS) educated, motivated and inspired over 420 owners, managers and instructors at the BTS Summit, a 3-day convention held at the Connecticut Convention Center in Hartford, May 17-19.

The BTS Summit included the eight-hour Business of BTS Management Seminar, the BTS Leadership Panel and a session by best selling co-author of "*Younger Next Year*", Chris Crowley, all for owners and managers as well as the BTS Intensive workshops and the BTS Super for instructors.

Erica Woolley, Fitness Manager from Mike Artega's Health and Fitness

Center, exclaimed that, "The BTS Summit experience was filled with a most excellent and positive energy. It was jam-packed with camaraderie, education, compassion and fun for all. Each time I encounter a BTS experience I learn something new and I always come away with the idea that we are all trying to get better!"

Rich Boggs, BTS' CEO and Chief Cheerleader, explains, "Our intention with the BTS Summit is to really create a fantastic environment where management and instructors can come together to learn how to reach more people and get more people moving. By doing this, clubs will be more successful

and the industry will make a difference in our society."

In the BTS Super, which is the exercise blow-out of the BTS Summit, all attendees got to MOVE and experience the newest release, Summer 07, for each program. Participants experienced over seven hours of rocking music and new programming led by many of the BTS National Trainer team. Clubs will now launch the Summer 07 release to their members and communities in July, highly educated and highly motivated.

The attendance at the BTS Summit was double from the previous Hartford event held only 18 months before. "The growth in attendees at this event is in direct proportion to our licensee growth in this period, which we are thrilled about. We truly appreciate the owners, managers and instructors' support and we are looking forward to our next BTS Summit in Atlanta this November", said Boggs.

Pam Hutchinson, GFM from In Shape Fitness



BTS Summit

Center, said, "Thanks so much for holding BTS Summits so that those of us in the trenches have an opportunity to get re-energized. BTS' enthusiasm is incredibly contagious and BTS' system for implementing and managing group fitness is first rate."

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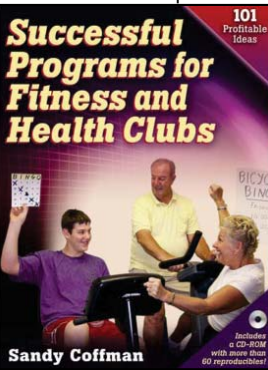
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Next Puzzle:
 August



"SUCCESSFUL PROGRAMS FOR FITNESS AND HEALTH CLUBS: 101 PROFITABLE IDEAS"

- a must have and read club programming book by the "smiling legend", Sandy Coffman. To order Sandy's important new book email: SLCoffman@aol.com.
Programming Tip of the Month - The best ideas in any business are usually shared by many leaders. These ideas, if taken to heart, are the keys to success in that business. For example, one of the most important ideas in our industry is shared by many, but executed by few. Entering the second half of the year launching a productive and profitable 2008, Sandy's

Programming Tip of the Month is: "MAKE IT FUN!"

This is an excerpt from the foreword of Sandy's book, "Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas". The foreword, written by John McCarthy, past Executive Director of IHRSA for 25 years writes, "The great philosopher of running, the late Dr. George Sheehan, said, 'No one can continue for long to do anything, no matter how good it is for them, unless it is fun, unless it is enjoyable, unless it is social.' This applies to running. It applies to exercise. It applies to membership in any health or athletic club. Unless the experience of being a health club member is fun, enjoyable, and social, no one will for long continue to be a member. Without outstanding programming, a so-called health club is merely a storehouse for fitness equipment."

Sincere Thanks, Gratitude and Appreciation to:
All who have advertised, purchased subscriptions, read and pitched in as Contributing Authors. We are now finishing our 14th year of publication! ALL of you are on the "Team" that makes CLUB INSIDER.
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Very sincerely, Norm Cates, Jr.



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