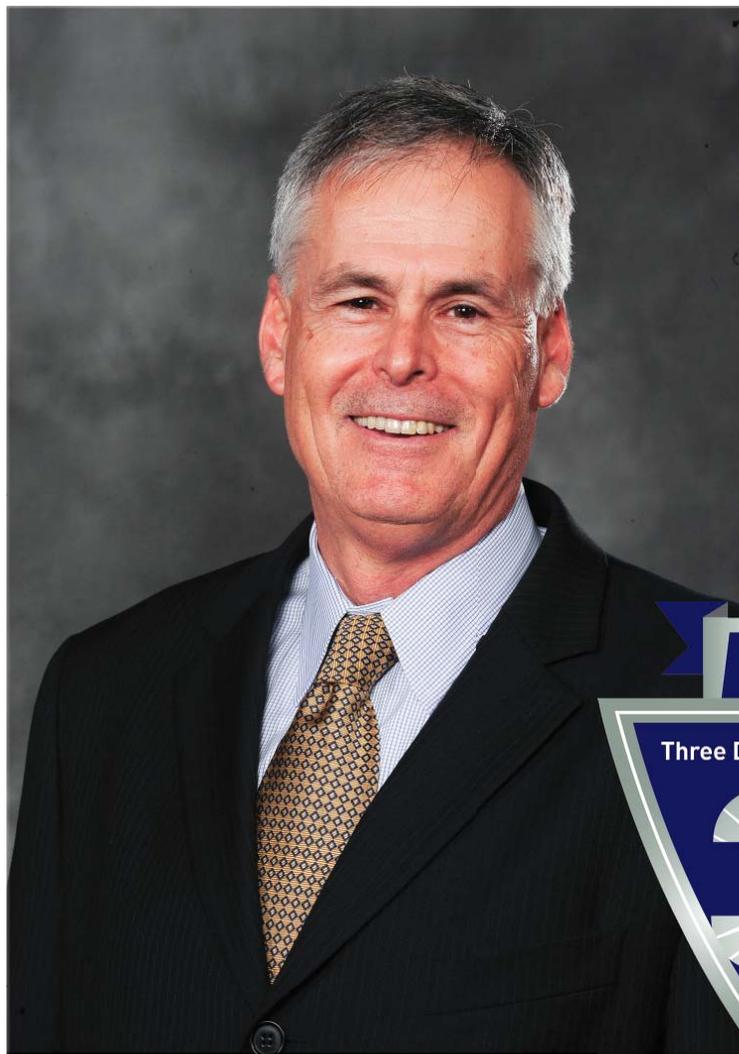


Norm Cates'
CLUB INSIDERTM
The "Pulse" of the Health, Racquet, and Sports Club Industry
Established 1993



Art Curtis, Ph.D. - *Chief Executive Officer*
Millennium Partners Sports Club Management



Dr. Art Curtis Shares His Vision as New IHRSA Chairman

JULY 2010

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Norm Cates' CLUB INSIDER™

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

Established 1993

Dr. Art Curtis Shares His Vision as New IHRSA Chairman

By: Norm Cates

CLUB INSIDER is happy to share the visionary comments of Art Curtis, Ph.D., as he has stepped into the role of Chairman of IHRSA, succeeding David Patchel-Evans, whose term as Chairman was completed on June 30th. The following is an interview with IHRSA Chairman, Dr. Art Curtis.

An Interview With Dr. Art Curtis

CLUB INSIDER (C.I.) - Art, where

were you born, where did you grow up and attend high school, college and graduate school?

Art Curtis (AC) - I was born in New York City, grew up in Syracuse, New York and on Long Island. I finished high school in Huntington, Long Island. I went on to college at Bowling Green State University in Ohio. I also did a Master's Degree at Bowling Green. I eventually earned my Ph.D. in Physiology at the University of Maryland (UMD). While at the UMD, I was a Research Assistant in the Sports Medicine Center where my

work was supported by the U.S. Department of the Navy. Most of my research involved projects to help the Marine Corp better prepare Marines physically to perform in a variety of different combat environments, from deserts to jungles and mountains.

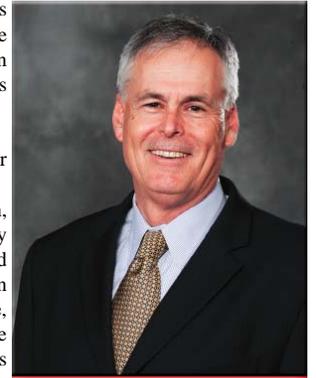
C.I. - I know you were a great football player. Please tell us about where you played and other sports you may have played.

AC - I was not a great football player, but I was good enough to earn a scholarship and be an All Mid-American Conference

Defensive Team selection. I was also one of the captains of the Lacrosse team at Bowling Green and earned All Mid-West Honors in Lacrosse.

C.I. - Please tell us about your family, Art.

AC - I have three children, Megan, Tracy and Matt. They have all finished college and are all building their careers in business and medicine. My wife, Ruby, was a two-sport athlete at Penn State, and today, she is the real athlete of the family. (See Dr. Art Curtis Page 10)



Dr. Art Curtis

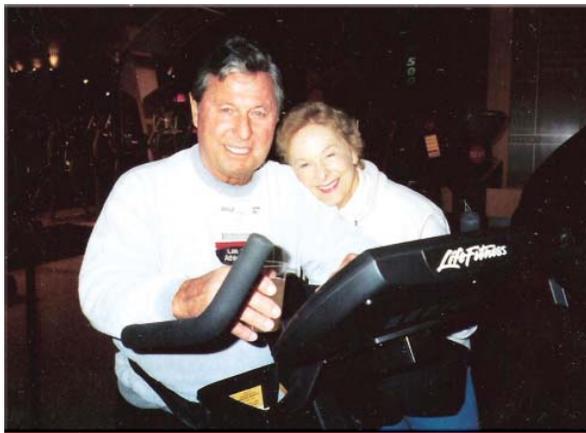
CLUB INSIDER Set to Celebrate 200th Edition in August! - See Norm's Notes

Rudy Smith Passes Away at 85

By: Norm Cates

Rudy! Rudy! Rudy! No, this wasn't the sound of the crowd chanting in the stands at the Notre Dame football game in the great movie *Rudy*. It was 4,000+ IHRSA Members at the IHRSA Convention on March 8, 2002 in Phoenix chanting Rudy's name as he made his way up to the podium to receive IHRSA's Distinguished Service Award, arguably IHRSA's top honor. As the previous honoree in March, 2001, I had just introduced Rudy and was about to present him with the Award, so I thought it appropriate

(See Rudy Smith Page 8)



Rudy and Virginia Smith

Club One Announces CEO Leadership Change

SAN FRANCISCO, CA - Club One, a nationally recognized leader in the health, fitness and wellness industry, announced that Robin Klaus will resume the role of Chairman and Chief Executive Officer of Club One effective July 1, 2010. Klaus takes on the role from Jim Mizes, who departs his post as President and CEO of Club One after eight years of leading the organization to increased profitability and national growth.

Klaus, the current Chairman and former CEO of Club One, will retain his role to continue managing the company for long-term growth. Klaus has more

than twenty years of executive management experience in the industry. He was formerly Chairman of Planet Fitness, a health and fitness club company in Singapore and served as the President and Chief Operating Officer of fitness manufacturer Star Trac. He is currently on the Board of Directors for SummerSearch, a national mentoring program for teenagers.

"Jim Mizes is one of the most respected value-driven leaders this industry has ever known," says Klaus. "Over the last eight years, he has aligned (See Jim Mizes Page 8)

Inside The Insider

- Imagine The Evolution of the Health Club Industry Without IHRSA! - Part II - By: Norm Cates
- How To Attract and Keep Health Club Members - By: Jim Thomas
- Leading is Not Managing - By: Will Phillips
- Being Real in the Club Industry - By: Jeffrey Keller
- How to Attract the Overweight Population - Part II - By: Donna Krech

- Judging the Best Programs... What Makes a Winner? - By: Sandy Coffman
- ABC Financial Launches New Logo, Marketing Campaign and Website
- Cybex Wins Big with "Biggest Loser" Partnership
- Gold's Gym Partners with BTS to Introduce Branded Group Exercise Programs
- The Medical Fitness Association (MFA) Announces Winners of National Programs

Norm's Notes: ● Rudy Smith Passes Away ● Club Insider Celebrates 200th Edition in August! ● Star Trac Has Been Sold ● Jim Mizes Departs Club One ● Mike Grondahl Adds to June Comments ● Tony deLeede's Australian Body Works 10th Anniversary Reunion ● Wally Boyko's National Fitness Trade Show ● Club Industry Conference and Trade Show ● Correction to AFIRM Notice ● Augie Nieto's New Book ● Support IHRSA Public Policy ● Father's Day Gift at Rush Fitness ● ABC Financial News ● Cybex Lands Biggest Loser Equipment Sponsorship ● Medical Fitness Association Announces Winners of Two National Programs ● Body Training Systems Partners With Gold's Gym International ● IHRSA's Public Policy Machine is Rolling! ● Colin Milner's ICAA Invited to World Economic Forum's Network of Global Agenda Councils ● Medicare is Changing! ● Obesity on the Rise ● Lex Kessler Reorganizes Sports and Wellness Sports ● LifeTime Fitness Acquires QLS Family Fitness Club ● The New 10% Tanning Tax ● Best Wishes to Ron and Sandy Franco

Norm's Notes

•**Hello Everybody!** This is your **CLUB INSIDER Publisher** and **Tribal Leader** since **1993** checking in! Is **America a great country** or what? A belated **Happy 4th of July!!!** Mmm... mmm... mmm! **God bless America!**

•My friend, **JERRY KAHN**, called me on the morning of July 5th to inform me that our friend, **RUDY SMITH**, had passed away earlier that morning in Las Vegas. Thanks for informing us of this sad news, Jerry. Reactions from across the country are coming in and include comments from **RAY WILSON**, who wrote in an email, "Rudy and Virginia were genuinely great people. In the 1950s, Rudy was one of four or five real pioneers in our industry. He was always calm and treated everyone with respect. I don't believe there was anyone in our industry who didn't like and admire Rudy. Rudy and Virginia were two of the nicest people I ever knew and my association with them definitely made me a better person." **DR. KEVIN STEELE** wrote "Good Morning Norm, you may already know this, but in case you don't, our good friend, mentor and industry icon, Rudy Smith, passed away

yesterday morning. I had the pleasure, honor and benefit of spending a great deal of time with Rudy, both personally and professionally over the years. He taught us so much and lived his life to the fullest. I don't have to tell you who and what he was to our industry. He will be Greatly Missed by many people."

Stay Tuned folks, as I will provide a tribute to **Rudy** and **Virginia Smith** next month in our **200th** monthly edition of **CLUB INSIDER**.

•**Ladies and Gentleman**, it's my great honor to inform you that this is our **199th** Edition of **CLUB INSIDER!** Next month, my son and partner, **JUSTIN CATES**, will produce our **200th** Edition **Cover Story**, summarizing our first 200 editions, and that will be an amazing read! I want to thank all of our **readers, advertisers, Contributing Authors, Faust Roundtable #1 Members, IHRSA** and **everyone else** that has contributed to the **CLUB INSIDER** cause in any way over our first **17 years**. Also in that edition, we will be making several exciting announcements, so **Stay Tuned** as we celebrate 200 Editions of **CLUB INSIDER** next month!

•**Breaking News!** **STAR TRAC** announced on July 7th, right before press time, that **MICHAEL BRUNO** and **Star Trac** have signed an agreement whereby Bruno will purchase controlling interest in Star Trac's parent company. Bruno has holdings that include **Stairmaster** and **Land America**, a manufacturing firm in China that builds high-end consumer and commercial fitness equipment. "Our activities will create the foundation for the company to experience strong growth and profitability," Bruno said. "This reorganization provides the resources for a strong balance sheet and positions Star Trac for long-term success." In separate Star Trac news, **MATTHEW PENGELLY** has been appointed **Managing Director for Europe**.

•**JIM MIZES** departed **Club One** as its **President** and **CEO** suddenly in late June. Mizes was replaced by **ROBIN KLAUS** on **July 1st**. This one comes as kind of a shocker as the word I got was that Jim was doing a great job with Club One. I want to wish him well in the future and note that somebody could land a great CEO right now. Good luck, Jim! Check out the **Press Release** on **Page #3**.

•**MIKE GRONDAHL**, **Founder** and **CEO** of **Planet Fitness**, followed up with me on his comments that we published on **Page #3** of last month's edition about missing the deal he had been negotiating this year, after

we had already gone to press. Mike wanted to add a couple of other comments, and they are indicative of the team leader and player that Mike is. He said, "I want to emphasize that, when I talk about the success of Planet Fitness and the company's future, I'm also referencing my two partners --my brother Marc, who co-founded the company, and Chris Rondeau." He continued, "Marc and Chris have had as much to do with the evolution and growth of Planet Fitness as I have. We've gotten this far by working as a team, and I want to be clear that it was difficult for the three of us to walk away from a private-equity deal that would have put \$100 million in our pockets. It was a collective decision, not a unilateral one, and it was based on our shared belief that the best days lie ahead for Planet Fitness."

•"**Head Roo**" a/k/a my friend, **TONY deLEEDE**, is the former owner of **Australian Body Works (ABW)** in Atlanta. Tony sent a **10th Anniversary Reunion Party** invitation and an update to all of his former employees about his life since he sold **ABW** to **LA Fitness**, and to say he's been extremely busy would be an understatement. Included in the written comments to his former employees summarizing his activities and achievements was a comment about his new lifestyle on the ocean aboard **The World**, a huge ocean liner, and his new club chain down under in Australia called **Fit n Fast**.



Norm Cates

Tony wrote, "While I was floating around on my ocean residence, I also contemplated having one more go at creating and growing another health club brand. After having numerous discussions with some of my former employees at Fitness First, I partnered up with five other people (mostly other Fitness First employees) and have now launched a new budget health club group called **Fit n Fast**. We have broken the mold in many ways and intend to grow this brand in Australia to well over 100 clubs in the next ten years (www.fitnfast.com.au)." Tony hosted a 10-year reunion of his ABW Team at his high rise condo here in Atlanta in the upscale area of town called **Buckhead** on July 10th, and he was kind enough to invite me. **G'day mate, and thanks for the party invitation!**

•**WALLY BOYKO's National Fitness Trade Show** will take (*See Norm's Notes Page 7*)

Norm Cates'
CLUB INSIDER
The "Pulse" of the Health, Racquet, and Sports Club Industry 1993
 Established 1993

Established in 1993
17 Years and Counting!!!

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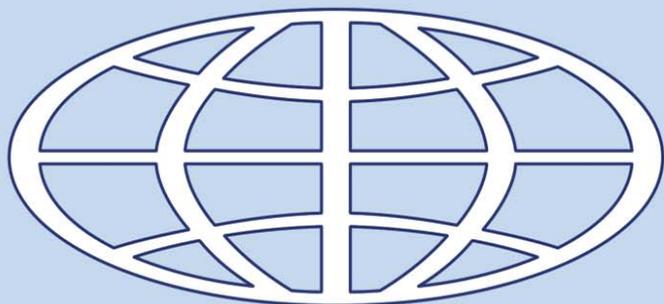
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The "Insider Speaks"

*To Benefit the Health and Fitness Club Industry
 Imagine The Evolution of the Health Club Industry Without IHRSA!*

By: Norm Cates

Part II

Last month, Part I discussed the early days and pioneers of our industry, the evolution of our industry and the story of IHRSA; how and why the Association was founded, what it has achieved and why we need IHRSA more than ever.

This month, Part II will argue that we are all still paying for our industry's bad practices of the past, what the health club membership numbers looked like over the past 30 years, why the potential for the future of our industry is great, how IHRSA is the one leader in the world we can depend on, more reasons to join and support IHRSA, what needs to happen for our industry to reach its full potential in the future, what our industry could have been like without IHRSA and why history will show that *Credibility* and *Trust* are keys to the future of our industry.

IHRSA Founders Sought a New Standard for Clubs

All of the IHRSA Founders were focused on adopting a mindset and emulating the standards of operators such as Red Lerille, Curt Beusman and Dale Dibble for the new Association. Before Beusman and Dibble got their clubs up and running in the multipurpose mode, Red Lerille had been at it for over ten years. So really, Red's operation was a model for all of us as we created IHRSA (then IRSA). We had gotten to know Red through his NCCA Membership. In fact, several members of the founding group had visited Red's or had staff visit Red's club to learn from his operation prior to founding the Association. Without fail, Red was most hospitable, as were Dale Dibble and Curt Beusman when people would visit their clubs.

For a long time, the now old, worn-out industry practices, such as high pressure sales techniques (i.e. the famous

"join today because the price goes way up tomorrow" line), "bait and switch" advertising and retail installment contracts (in which a person will be sued if he decides to leave the club), just to name a few, were THE STANDARD in this industry before IHRSA came along.

The Founders of IHRSA, however, were determined to change that and change it we did. A large percentage of today's health club operators run their clubs with a new mindset, utilizing *benefits*, not *features-focused* marketing; *month-to-month* membership agreements with enrollment fees, *non-retail installment contracts*; and *trial membership opportunities*, as opposed to "join today because tomorrow the price goes way up, so sign now!"

But, there are still some unethical operators in our industry who have disguised themselves as being on the "up and up." Many of you veterans know those who I'm speaking of. It's just a matter of time before the bad actors in our industry are caught doing dishonest things. They will be publically exposed, and the marketplace will reject them.

The Numbers

In 1987, the first time a health club membership figure had ever been calculated in the United States, our industry had a reported 13.8 million members, according to a document produced by Life Fitness. In 1997, reported U.S. membership had grown to 22.5 million; in 2002, it reached 36 million; and by 2005, 45 million.

Since 2005, our industry has stalled at approximately 44 to 45 million and is projected to decrease in upcoming reports due to many club closings caused by the ongoing Great Recession.

Until five years ago, our industry experienced year-after-year membership growth. It flattened out and has stayed flat ever since. If the growth trend we had been experiencing (which was between 8 to 14 million every

10 years) had continued, the U.S. health club industry would be at about 50 million members today, not 44 million. So, clearly, our industry has some work to do.

With respect to the work that we need to do, a strong argument can be made that our industry is still **NOT truly trusted** by the average American consumer, and **CLUB INSIDER** chronicled that challenge and what to do about it in our **August, 2009 Cover Story** entitled, **TRUST**. You may access that article for free at www.AmericanHealthClubs.org. It's the belief of this author that our industry must focus on building *Credibility and Trust* in the minds of consumers if we wish to see the total membership numbers begin to increase again. The more credibility and trust consumers have in our industry, the more members we should be able to enroll and retain as time goes by.

Why the Potential Future of Our Industry Is Great

The potential for the health and fitness club industry is truly great because our industry is actually a *new industry*, when compared to others. I say that because when you compare our industry to any other industry (i.e. the restaurant and hotel industries), ours is still just a baby... It's clearly still in its infancy. Compare our 75-year old industry to restaurants and hotels that have been around for at least 2,000 or more years (Christians like me believe, for example, that baby Jesus was born in a manger 2010 years ago because the "Inn was full," so we know the hotel industry is at least that old!). Imagine the evolution of those industries.

The point is that you and everyone in our industry are pioneers in an industry that is *trying to grow up... trying to find its way... and trying to be more and more accepted by consumers*. So, it behooves all of us to support an organization like IHRSA whose sole purpose is to help



clubs become better and better and increase *Credibility and Trust* in the minds of consumers. That support will put money in your bank account, and it will help ensure your investment in your health and fitness club(s). That support will also help fight off State legislators, and potentially U.S. Congressmen and women, who are considering passing draconian laws that will be greatly harmful to our industry.

IHRSA Provides Much Needed Industry Leadership

It's important that club owners across America realize that the evolution and growth of the health and fitness club industry over the past 30 years was significantly accelerated by IHRSA, under John McCarthy's excellent leadership during his 25 years as Executive Director. During that time, McCarthy worked with over 200 different club owners who volunteered their time to serve on the Board of Directors.

Three years ago, this July 1, 2007, Joe "The Gladiator"

Moore stepped in and has served well as IHRSA's President/CEO and has continued John McCarthy's legacy of excellent leadership. I gave Joe the nickname, "The Gladiator," years ago because, during his 30+ years as a club owner in Dayton, Ohio, he became the non-profits' (such as the YMCA's) worst nightmare, and through his work, prevented many non-profit facilities from being built in markets already well served by Moore's Fitness Centers 10-club chain and other commercial clubs in Ohio. Joe Moore has done an excellent job since he was selected by the IHRSA Board of Directors to become IHRSA's top man, but Joe needs your support and participation.

David "Dr. Feelgood" Patchel Evans, Founder and owner of Goodlife Fitness in Canada, completed his term as IHRSA Chairman on June 30th. On July 1st, Dr. Art Curtis, the CEO of Millenium Sports Clubs Management, LLC, stepped into the role of Chairman. We wish both of them and the Board of

(See **IHRSA** Page 26)

...Norm's Notes

continued from page 4

place in **Reno, Nevada** on **August 19, 20 and 21st.**

• **And, don't forget** to book your conference attendance, hotel and flights to attend the **Club Industry Conference and Trade Show** in Chicago, **October 6, 7 and 8th.** A highlight of the event will be when my long time friend and industry icon, **Brother CURT BEUSMAN**, is honored with **Club Industry's Lifetime Achievement Award.** Over 110 seminars are planned, and of course, the trade show is always terrific. So, I hope to see you at the **House of Blues in Chicago** on Wednesday evening, **October 6th from 5:30 to 7 p.m.** for the **Opening Reception!** Please drop by our **Exhibit #320** and check out the **CLUB INSIDER Advertiser Exhibit List Below**, and please visit and do business with them! They'll treat you right!

• **CHUCK LEVE** sent out a letter on **June 7th** to the members of **AFIRM** supporting **IHRSA's** recently announced changes to the **IHRSA Trade Show.** A portion of the press release needs to be corrected, though: "'AFIRM applauds IHRSA for being more receptive to the needs of the exhibitors,' said AFIRM Executive Director Chuck Leve, who founded the IHRSA Show in 1981." The portion that technically needs to be amended was **"who founded the IHRSA Show in 1981."** After completing his role as Executive Director of the National Court Club Association (NCCA was an Association for racquetball club owners) prior to the merger,

forming **IRSA**, Leve began to sell Associate Memberships for the Association. He was not part of the new **IRSA Board of Directors**, which created the first **IRSA Trade Show** that took place in 1982.

• **Correction!** Last month in my **Part I** of my **IHRSA Report**, a typo was made on **Page #26** where it stated 1981 as being the time the photo of Ray Wilson and Ray Gordon at the first **IRSA Convention** was taken. The first **IRSA Convention** was in 1982, and we apologize for the error.

• **AUGIE NIETO** has written a new book... with his **toes!** His new book is entitled: **Reciprocity, Incorporated** and brings to the reader wise business input from thirty business icons. Our industry is heard from through the comments of **ALAN SCHWARTZ, Founder** of Chicago's **Midtown Athletic Clubs.** You can order the book by going to **www.buybooksontheweb.com** or calling (877) **BUY - BOOK.**

• Please be sure to read our cover story interview with **ART CURTIS, Ph.D,** now the **Chairman of IHRSA**, and **Part II** of my **IHRSA Report** on **Page #6.** Please seriously consider joining **IHRSA** if you're not already a member because your investment in an **IHRSA Membership** for your club will go a long way to keeping bad State laws from being passed that could disrupt your club operation, and there are many other good reasons for you to be an **IHRSA Member.**

• For **Father's Day, Rush Fitness' LARRY GURNEY**, a Father of four wonderful youngsters,

provided the families of **Fathers** who are serving our country in the military with **complimentary 2-month memberships** in the markets **Rush Fitness** serves. Nice idea **Larry.** There is nothing better than remembering and honoring our military folks anytime and any way we can.

• Much is happening with **ABC Financial** this month. **ANNA WELCH**, who had been with **Motionsoft** has now returned to **ABC Financial.** **ABC Financial** has also just completed a rebranding process and unveiled a new and unique **Self-Service Kiosk** that will make member information access much easier and convenient. Check out the **Press Releases on Page #15.**

• **Cybox** has inked a deal to be the equipment sponsor for the popular **NBC TV Reality Show, Biggest Loser.** Check out the **Press Release on Page #20.**

• The **Medical Fitness Association (MFA)** has announced the winners of two national programs, the **"Steppin' Out... for a Lifetime" National Walking Challenge** and the **Regional Chapter Rising Star leadership awards.** Check out the **Press Release on Page #24.**

• **BODY TRAINING SYSTEMS** has been chosen by **Gold's Gym International (GGI)** to partner directly with **Gold's Gym franchise owners and group exercise instructors**, providing the necessary training and education needed for instructors to lead each group exercise class. This is a smart move by the **GGI** folks, so congratulations to all involved! Check out the **Press Release on Page #24.**

• **IHRSA's Public Policy Machine** is rolling along, racking up victories it seems every week! Latest news includes **Pennsylvania** moving forward **without sales taxes being imposed on health club memberships.** In **Louisiana**, the Legislature adjourned its 2010 legislative session on **June 21st** with a victory for clubs statewide, because the legislation would have **placed restrictions on the business' use of an automatic renewal of health club consumer contracts**, but it was replaced with more industry-friendly legislation. Additionally, in **California**, where following an **IHRSA-facilitated meeting**

with **California State Senator MARK DeSAULNIER**, the Senator has agreed to introduce legislation that will attempt to address the health club industry's concerns with a recently-passed child care facility law. **IHRSA** has now been informed that the solution will take form in **Senate Bill 1196 (SB 1196).**

• **COLIN MILNER's International Council On Active Aging (ICAA)** has been invited for the third year in a row to participate in the **World Economic Forum's Network of Global Agenda Councils.** Based in Geneva, Switzerland, the **World Economic Forum** is an independent, nonprofit organization "committed to improving the state of the world by engaging leaders in

partnerships to shape global, regional and industry agendas." The **Network of Global Agenda Councils** is designed to further the **Forum's** mission and strategic vision and tackle global issues of vital importance.

• **Medicare is changing!** This from **IHRSA's June 30th Capital Report: Medicare Implements Wellness Changes:**

The **Centers for Medicare and Medicaid Services (CMS)** announced changes to the programs as proposed by the **Affordable Care Act** passed by Congress in **March.** The changes included positive steps towards encouraging prevention and wellness. **Medicare beneficiaries** will no longer have
(See Norm's Notes Page 8)

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...Norm's Notes

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co-payments or 20 percent coinsurance for most preventative services. Specifically, it covers preventive services that have been recommended with a grade of A ("strongly recommends") or B ("recommends") from the U.S. Preventive Services Task Force (USPSTF). The Task Force recommends (B) obesity screening for adults, meaning that patients will have greater access to intensive counseling and behavioral interventions to promote sustained weight loss for obese adults.

The Affordable Care Act now extends coverage to multiple preventative screenings, rather than just a one-time only initial preventative physical exam. Beneficiaries now have access to annual wellness visits that must include six key components, including measuring Body Mass Index (BMI), furnishing patients with personal health advice and coordinating appropriate referrals and health education. For health clubs working with local physicians, the new Medicare rules could mean an increase in referrals of obese, older adults. "There are an increasing number

of clubs in the industry creating specialized programs for this population," says Helen Durkin, Executive Vice President of IHRSA Public Policy. "For these clubs, the Medicare changes mean more potential members coming in their doors because more doctors will be counseling and referring their patients on sustainable weight loss behaviors, including exercise." Greater physician focus on obesity screening and behavioral interventions will increase the need for such programs as the **American College of Sports Medicine's Exercise is Medicine** initiative, which works with physicians and health clubs to address exercise in health care settings. IHRSA is a strong supporter and network partner of the Exercise is Medicine initiative.

• **Obesity is on the rise!** According to a report released by the **Trust for America's Health and the Robert Wood Johnson Foundation**, obesity rose in 28 states, declining only in Washington, D.C. The report showed that more than 2/3 of states (38) have adult obesity rates above 25%. In 1991, no state had an obesity rate above 20%. And, the beat goes on!

• **LEX KESSLER**, the owner of **Sports and Wellness Sports Club** in Danbury, Connecticut, had filed for a **Chapter 11** in **February, 2009**, but that was changed to a **Chapter 7** on **May 28th, 2010**. The club was shut down for the month of June, and no dues were collected. Then, on **June 30th**, the club reopened with only Kessler and his two children, ages 12 and 13, as the owners.

• **LifeTime Fitness** acquired **QLS Family Fitness Club** in **Humble, Texas**, a suburb of Houston, on **June 1st**. This gives Life Time Fitness six clubs in the greater Houston, Texas area. The day-to-day operations will remain the same as will the club staff, which is a good thing. The QLS facility will act as a sister facility to the **LifeTime Lake Houston facility**, located further down West Lake Houston Parkway.

• The new **10% Tanning tax** included in the **Obama Administration's Healthcare Plan** kicked in **July 1st**, but

fortunately for those of you with tanning services in your clubs, the tax doesn't apply to your clubs if you include it in the membership fees. If charged separately, the 10% tax is imposed. A bigger problem for the indoor tanning industry in general, I predict, is going to be the increased education of consumers about the potential serious skin cancer risk of indoor tanning. **Stay Tuned!**

• **Best wishes to RON and SANDY FRANCO** down in the **New Orleans area** as they're building a new club that is scheduled to open next Summer in **Covington, LA**, a New Orleans suburb. On **August 28, 2005**, **Hurricane Katrina** destroyed one of the Franco's two long standing clubs. I'd like to wish the very best of luck to Ron and Sandy as I know they, and all the folks in Southern Louisiana, have had to endure an awful lot of hardship over the past five years. Now with the oil spill, the region has a new challenge to deal with! Speaking with Ron, he shared

that his new club will be built on ten acres, a segment of forty acres that he owned, with the rest used for a special development.

• **God bless all of you folks**, the birds and all the animals in the Gulf region states of **Texas, Louisiana, Mississippi, Alabama and Florida** as the oil well disaster continues in the Gulf.

• **God bless our troops, airmen and sailors in the Middle East** and around the world as they protect America's freedoms and liberty. **God bless you, your family and your club(s). God bless America!**

(Norm Cates, Jr. is a 36-year veteran of the health, racquet and sportsclub industry. Cates was the Founder and is in his 17th year as the Publisher of CLUB INSIDER. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. He may be reached by phone at 770-850-8506 or email at Norm@clubinsideronline.com)

Make It Fun!

...Rudy Smith

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to begin a chant of his name to make it fun, because Rudy was always such a fun guy! Rudy was humble in his acceptance speech. The path he had followed over 51 years (at that time) in the club business had brought him to this point. Rudy had given 59 years of his life to this industry when he passed away on July 5th in Las Vegas. He had previously been honored with Wally Boyko's National Fitness Trade Journal's Lifetime Achievement Award in 1996, joining Arthur Jones, Jack LaLanne, Ray Wilson, Ron Hemelgarn, Jerry Kahn, Robert Rice, Joe Gold, Bill Pearl, Ken

Melby, John McCarthy, Augie Nieto, Larry Scott, Bill Hubner, Bill Kazmaier, Mark Mastrov, and in late August, Mike Balfour. Rudy and his lovely wife, Virginia, were two of my most favorite people, and I'm so very sad they are both gone. Their memories will live forever. In their January 2002 **CLUB INSIDER** cover story, I wrote words that still apply today, "These are two of the most terrific people I've ever met. They remind me a lot of another legendary couple, Jack and Elaine LaLanne!"

Rudy started his career working for Vic Tanny in Los Angeles in 1951. Rudy and his beautiful wife, Virginia, married in 1955. After years working for

others, they opened their first club, the Sherman Oaks Health Club, in Sherman Oaks, California in 1963. They operated it very successfully as a "Mom and Pop" operation for eleven years. In 1970, Donahue Wildman invited Rudy and Virginia to join their club in with his Holiday Health Spa club group, and they accepted. Rudy's leadership, partnered with Jerry Kahn in the region, made the Southern California Holiday Health Spa operation thrive, and it reached \$100 million in sales across 23 locations!

Rudy and Virginia tried to retire in 1991, but that didn't last long as Rudy found out that four Las Vegas Athletic Clubs were available, and they acquired

them that year. They grew the membership in LVAC from 4,000 to 60,000 and the square footage from 80,000 square feet to 180,000 and revenue from \$3 million to \$16 million annually (2002 figures). In Rudy's **CLUB INSIDER** cover story, he shared a story about how he had gone to Muscle Beach in Santa Monica and had gotten to know Vic Tanny, Jack LaLanne, Bruce Connors and Harold Zinken and told of how they had influenced his life. Along the way, Rudy invented the Smith Machine. In his cover story interview, I asked Rudy, "What was the most difficult and anxious time you've ever had in the business?" He said, "Well, that first year in our

own club was it. That first year, we never knew if we would have enough money at the end of the month to even eat! With four kids, it was very tough, and we often just scraped by." But, Rudy and Virginia Smith made it and went on to leave a wonderful legacy for our industry, a legacy of being just downright nice people. Rudy and Virginia Smith survived those tough early days and built an amazing chain in the Las Vegas Athletic Clubs.

My most sincere condolences to Todd, Ginny, Barbi and Chad for their loss as they go on in life without their beloved Mom and Dad. May they rest in peace.

...Jim Mizes

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our business channels for optimal growth and created a culture dedicated to our mission of supporting meaningful change in people's lives. He is responsible for putting in place a strong, integrated leadership team that will allow us to build on the path of success and momentum that

Jim has helped pave."

"My departure from Club One is part of our company adapting to the changes in our economy, opportunities and marketplace," says Jim Mizes. "I will continue to add value to growing organizations in my future endeavors, and I leave knowing that Club One is in good hands with an experienced, innovative and dedicated

leadership team who is passionate about serving our members, clients and partners. Club One's commitment to excellence in each channel's business operations and to its behavioral-change technology will lead Club One to further success."

Klaus will assume oversight of Club One's Corporate Health and Fitness channel. Robyn VanDerLuit, Vice President of

Corporate Fitness Management will continue leading the company's many corporate fitness center management and workplace wellness programs throughout the country.

Bill McBride, Chief Operating Officer, will continue leading Club One's Commercial Club operations and oversee the Community Center channel. Tom Nelson, Vice President

of Community Centers, will continue managing operations and new business development for Club One's community and medical fitness center partners. Carey White, Chief Financial Officer and Chief Technology Officer, will continue leading the organization's Innovation & Technology division, in addition to his CFO responsibilities.

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...Dr. Art Curtis

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Currently, she is ranked #1 in New England Tennis with her partner in women's doubles. They have been to nationals the last two years, and she plays to a 16 handicap in golf.

C.I. - When and how did you first become involved in the club industry?

AC - My undergraduate training was in business. I began my career with Proctor and Gamble but quickly realized I did not have a passion for consumer products and big companies. I did have a passion for sports, so I decided to go back to Bowling Green where I was a graduate assistant coaching football while earning my Masters. At the time, I thought that I would coach for a few years and eventually become an athletic director. While I did enjoy coaching, I enjoyed the academic work in the exercise sciences even more. That eventually led me to the University of Maryland to pursue a PhD in Applied Physiology.

My first foray into the fitness world was as a professor and researcher. I had the opportunity to teach in the Graduate Programs at both the University of Maryland and The American University. Ultimately I was recruited to work in corporate fitness at the American Health Management and Consulting Corporation located just outside of Philadelphia. There, I set up and ran fitness programs for large companies, such Sun Oil, Alcoa and Westinghouse. Eventually, I found my way into the commercial fitness world with U.S. Health, Inc. located in Baltimore. We ran clubs under the brand name Holiday Spa. In

fact, Norm, you might remember that we bought one of your clubs at Lenox in Atlanta. After U.S. Health, I spent a couple of years at the Columbia Association in Columbia Maryland, one of the nation's largest planned communities with a population of over 100,000 residences. In 1989, I moved to Atlanta to go to work for Club Sports International.

C.I. - How long were you with Club Sports International, now known as Wellbridge, and what was that like?

AC - In 1989, I was the opening General Manager for Club Sports at the Concourse Athletic Club in Atlanta. I was in Atlanta for about five years where we eventually operated as many as four clubs. I ended up becoming the Eastern Regional Manager and helped oversee Club Sports' expansion in the Eastern United States. I moved to Club Sports' Headquarters in Denver in 1994 as VP of Operations and became their Chief Operating Officer in 1997. It was a great experience. Club Sports was a great training ground for the club industry. I had the pleasure to work with and learn from some of the most talented people in the club business. It was like being on the "Dream Team." The alumni have now moved on to run some of the country's leading fitness companies. Tom Lyeis (now Villa Sport), Ed Williams (Wellbridge), Matthew Stevens (Western Athletic Clubs), Bud Rockhill (Spectrum Clubs) and AnnBeth Eschbach (Exhale Spas) were all members of the executive team while we were there.

C.I. - Tell us about your role as CEO of Millennium Sports Clubs? Describe the number of clubs, type, size, locations and

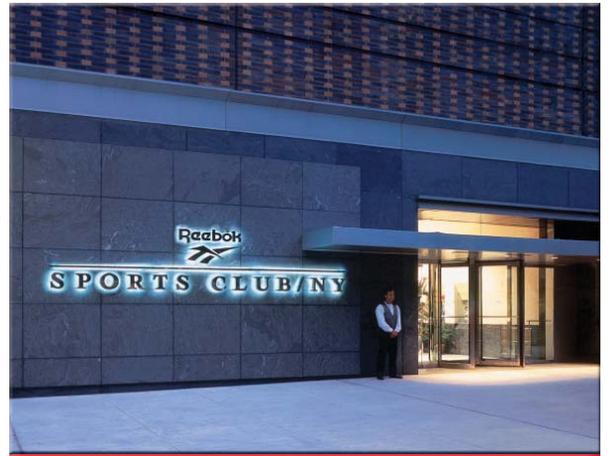
parent company.

AC - Millennium Partners is a real estate development company that has developed about \$4 billion of real estate, mostly in five major U.S. markets: New York City, Boston, Washington, D.C., Miami and San Francisco. The real estate developments that Millennium Partners does are primarily urban and consist of a mix of condominiums, hotels, retail and some office. The hotels are managed by either the Ritz Carlton or the Four Seasons. Our athletic clubs are a very critical part of these complexes. In 2006, Millennium bought six locations from the Sports Club Company. Of those six, five are located in Millennium developments. Our typical club in the Millennium Partners Sports Club Management portfolio is anywhere from 100,000 to 150,000 square feet and are operated at the premium end of the marketplace. The facilities are true multipurpose sports and athletic clubs and have a wide variety of services, from cafés to spas and very extensive offerings in fitness and sports, childcare and mind-body programs.

C.I. - For a short time, you were involved in the spa industry. What were some of the major similarities between the two industries? Any lessons learned from them?

AC - I spent a brief time as the CEO of a company called Stonewater. It was a private equity investment of Falconhead Capital and involved the consolidation of day spas. There are a number of similarities between the spa and club businesses. First and foremost, the spa business, like the club business, is very people-centric, and it is very much a customer service business. The successful owners/operators in the spa business were much like the owners/operators of clubs in the earlier years of the industry. They were very entrepreneurial individuals. By the same token, the spa industry, like the club industry in its earlier days, was generally not very sophisticated and did not have a lot of systems in place. It was an industry that was clearly evolving, though. It was at a point in its evolution that the club business was in 15 to 20 years earlier.

Lessons I learned? My experience with the spa industry reinforced in my own mind just how critical branding, systems and management information



Outdoor Entrance, Reebok Sports Club (New York)

systems are to success in a multi-unit business. If you're going to operate a business that is spread out geographically, with multiple locations, you better have really good systems so you can operate your business consistently, efficiently and with real-time management data so you can make intelligent, timely decisions.

C.I. - What lessons has the club industry learned going through the last two years of the recession?

AC - This recession has been a bit of a wake-up call. It has been unlike any other recession that I have been through over the past 30+ years. I think the industry has learned a number of lessons. One, it has probably learned not to be so arrogant. First, we were "recession proof," then "recession resistant," and now, we are saying we are "recession resilient." Hopefully, we've learned that we are subject to the same kinds of challenges that can be felt in the overall economy. We are not immune. Second, I think we have recognized that we can collect a lot of junk. What I mean by this is, over time, if we are not really careful and cognizant of what we are doing, we can really let our expenses grow. It is imperative club operators be very aware of how they run their operations remaining lean and focused on managing their margins.

C.I. - Let's talk about IHRSA. First, congratulations Art on becoming the IHRSA Chairman on July 1st! I have several questions about IHRSA. The Association will celebrate its 30th Anniversary in San Francisco this coming March. Tell our readers how significant this milestone is to IHRSA and to you, personally, since you have served IHRSA on the Board the past three years.

AC - Well, I think that on both a personal and professional level, anytime you have a landmark anniversary, particularly for those of us that have been involved in this industry back when IHRSA started, it's very gratifying to look around and see that we're all still here. Thirty years ago, there was some question about if we would survive as an industry or were just a passing fade. So, it is kind of exciting to see how, 30 years later, the industry has survived and evolved. Today, we are more diverse, more business savvy and our members have become more knowledgeable and discriminating. Now, the industry has an opportunity to move on to another level over the next 30 years where we can play a major role in shaping the health of our respective nations. Clearly, what we do plays a critical role in helping people adopt a healthy lifestyle.

C.I. - Please tell us about the most significant challenges with IHRSA that you see going into your Chairmanship on July 1st.

AC - I think there are a couple of really big challenges. First the economic downturn has shown how quickly things can change. We have a critical need to be able to diversify and grow IHRSA's revenues. Revenues cannot be so dependent on our suppliers and Associate Members. We need to be able to generate more than 25% of our revenues from our membership dues. That means we need to grow membership. At the same time, we need to create a more sustainable economic model that supports our Public Policy initiatives. Today, about 75% of the funds that support our Public Policy initiatives come from voluntary donations made from voluntary donations made (See Dr. Art Curtis Page 12)



Indoor Pool, The Sports Club/LA (San Francisco)

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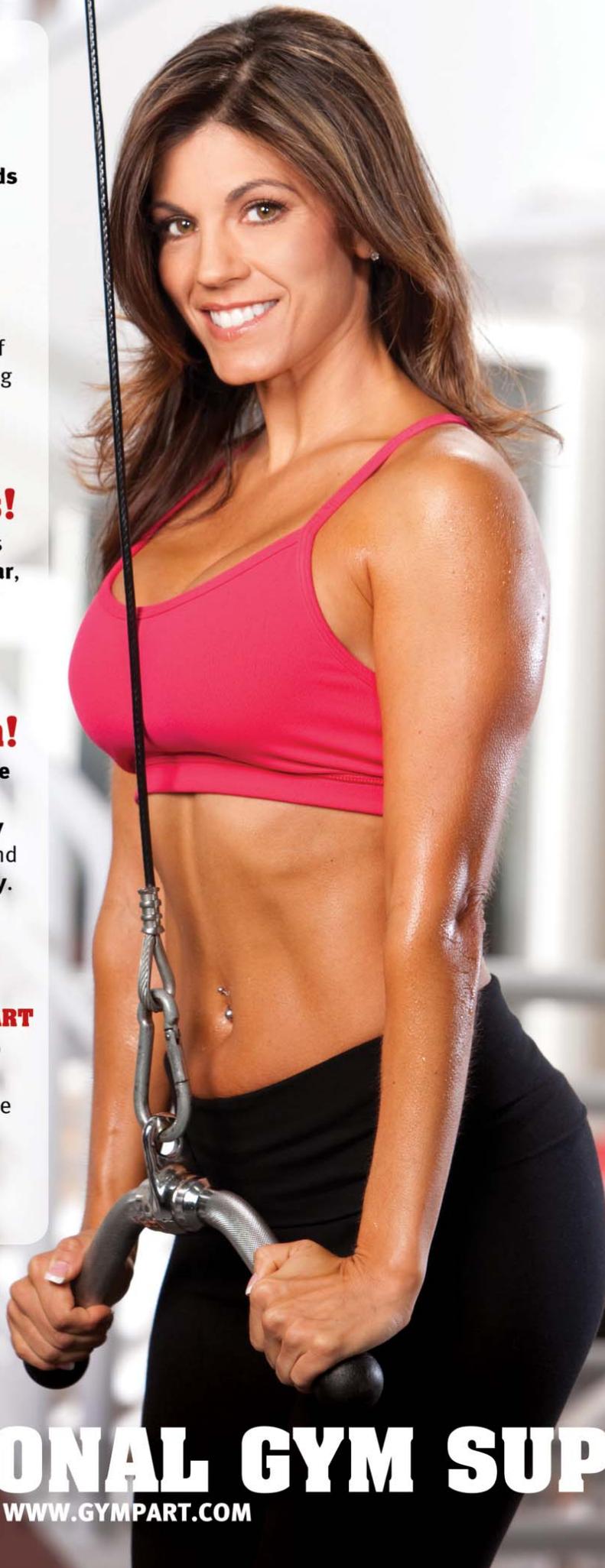
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...Dr. Art Curtis

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by 50 to 60 club companies to the Public Policy Council. Further, of the donations made to the Public Policy Council, almost 75% come from just *three* companies (Thank you Curves, Anytime Fitness and LA Fitness). Our IHRSA Staff do a great job in fighting for our interests. They are currently tracking over 200 bills across all 50 states, but without adequate financial support, we will eventually see some bad legislation passed. We need to have more clubs helping to carry their fair share of the load.

Another interesting challenge we face going forward is finding that common "rallying cry" for all the members of our Association. If you go back to the early years when you, Rick Caro, Curt Beusman, Tom Lyneis, Jim Gerber and others who were so instrumental in creating IHRSA and wanting to see a new industry thrive, the industry was pretty simple. Many young entrepreneurs were trying to figure it out on the fly. There were not so many kinds of clubs; you were a tennis club, a racquetball club, a fitness club or some combination of one or more of the three. Most were in different markets, where they did not compete directly with one another, so they were willing to work together to help grow the industry.

As the industry has grown, we have evolved into lots of different type of clubs, with lots of choices for prospective members in most markets. As the industry has grown, we have become increasingly more focused on the competition within the industry between the many different club options available today. It has become harder to

see beyond our own individual businesses and be willing to contribute to an overarching goal to help *grow, protect and promote the industry* on a worldwide basis. It is going to be really important as an industry Association to find that rallying cry for the industry if we expect to move the needle from the 25 to 30% of the population that is active on a regular basis, of which about half of them, 15% of the population, are members of clubs. We will need to commit to working together as an industry as well as be willing to collaborate with groups outside the fitness industry who share our common interest to help people live a healthier life. We need to be willing to break through the rut we have been in for the past decade of recycling the same members from one club to another. For us to move to the next level as an industry, we will need to find the "game changer," the revolutionary new way to think about growing the pot of prospective members. To do this, I think our industry will need to set aside some of our competitive differences and collaborate on achieving a common goal. Imagine if we could create a culture that values healthy behaviors, where the medical community, government, public health, nutrition, education and fitness all worked collaboratively, where the majority of people valued and adopted healthy behaviors. That would be a great place to be in the club business.

As an example, perhaps our industry could agree to work together to instill a spirit of volunteerism among our club employees to go outside the four walls of their club to instill in others the importance of adopting healthy behaviors and being physically active. This would be

especially valuable if we could get into areas of the community that are underserved and may be underprivileged. Or, if we could mobilize a national campaign to get physical education back into schools again. How we influence our youth today will have a big impact on if they will become members in the future.

C.I. - Tell us about the progress in the development of the voluntary Accreditation for Clubs.

AC - It's a process. The good news is it's a very deliberate, very inclusive and open process. The bad news is that kind of a process is very slow moving. Right now, the draft standards that went out to the public last Fall, and did not pass, are going through a revision process. We were not that far off last time. There are some issues that need additional clarification and a few areas that were a bit overreaching in terms of reasonableness. Hopefully, by the end of the summer, we will get a revised draft that we can all agree on. Once a set of standards are adopted, NSF will then develop an implementation plan. The IHRSA Board of Directors Standards Committee, chaired by Bill McBride, will be making a recommendation to the Board concerning the role that IHRSA should play with regard to implementation of the voluntary standards.

C.I. - Tell us about State legislatures and their role trying to license (not just certify) personal trainers.

AC - There are a number of States over the last few years where we have seen bills introduced to regulate private trainers, including licensure. Several years ago, the IHRSA Board adopted a recommendation that private trainers be certified by certifying organizations that had their certification accredited by an independent third party accrediting body. At the time the Board passed that resolution, there were only two or three certifications that had been accredited. Today, there are 12 to 13 accredited certifications. IHRSA's position has been that certification of trainers by an accredited certifying body is an appropriate and reasonable way to protect the safety of the public by insuring that only qualified trainers are allowed to train in IHRSA clubs. We think licensing takes it to another extreme and creates an unnecessary expense



Basketball Court, Reebox Sports Club (New York)

for taxpayers, does not further protect the public beyond certification, will cause economic harm to clubs and trainers who are currently certified and will discourage qualified trainers from entering the field in the future.

Through the efforts of Helen Durkin and her Public Policy staff at IHRSA, we have been successful so far in preventing any damaging personal training legislation from passing. Through the efforts of our lobbyist and IHRSA staff, we have been able to get in front of the sponsors of personal trainer bills in California and Massachusetts and help the sponsors make significant changes to their bills and essentially adopt the IHRSA Board recommendation for certification of private trainers.

C.I. - Tell us about the new IHRSA insurance program, one where savings may pay for a "free" IHRSA Membership and even a Convention Registration.

AC - IHRSA was able to put together a program with the Philadelphia Insurance Company which provides multiple lines of insurance that could be used by club operators. The program was put together in a way that provides IHRSA Members with favorable discounts on their insurance just because they are members of IHRSA. Philadelphia also has some wonderful risk management tools that clubs can use to improve upon their insurance premiums by making sure they have sound risk management practices in place. The beauty of the program is that, for a lot of the smaller IHRSA Members, the savings that they could achieve through this insurance program could underwrite the entire cost of their IHRSA Membership or pay for their

trip to the IHRSA Convention. It's a program where there are very real, tangible savings to IHRSA members through the Philadelphia Insurance Company.

C.I. - Tell us about key IHRSA initiatives both domestically and internationally.

AC - First is looking at the model that we use as an Association for generating revenue. We touched on this topic a bit earlier. One of the things that we've learned very clearly in this economic downturn is that having more diversity in our revenue sources would be good. Right now, we are very dependent on our suppliers for the revenues that we generate. So, if the supplier's business gets impacted, IHRSA gets severely impacted. It would be better if we had a way to help the suppliers and make sure that their businesses are strong, but when there is a downturn, have other ways to generate revenues, especially from our members. Also, as mentioned earlier, another important concern that we need to address at the Board level is figuring out a way that we can fund our Public Policy efforts in a much more stable way than we do right now. As a Board, we will focus our attention on these two issues at our October Board Meeting in Boston.

C.I. - Well Art, at the Public Policy meeting in San Diego, I used the example of a person trying to buy car insurance after they had already had a car accident being kind of like what a lot of the IHRSA club owners are doing here by not contributing to the Public Policy Council's Industry Defense Fund now. To learn of so few clubs contributing somewhat saddens me because I totally
(See Dr. Art Curtis Page 14)



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Kim Kenyon & Bill Austin
With Gold's Gym Hudson Valley

...Dr. Art Curtis

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understand what you're saying about a time that comes when IHRSA no longer has enough funds to fight legislation in a given State. At that point, the club owners in that State are going to have to rapidly try to organize and then shell out a whole lot more to hire a lobbyist and fight bad laws in their State at the last minute and all by themselves. My hope is that your comments here will help motivate some club owners

to pitch into the **Public Policy Council's Industry Defense Fund** by calling **Meredith Poppler at IHRSA: (800) 228 - 4772, Ext. 129**. I give a little bit every month, and I don't even own clubs anymore!

C.I. - What would make for a successful year ahead for IHRSA? **AC** - First, record attendance at the 30th Annual Convention and Trade Show. Bringing the industry from around the world together to celebrate 30 years would be wonderful.

Second, making sure that we are doing all that we can do as club owners and operators to help support our suppliers by spending our capital dollars on their products. Our suppliers have been phenomenal supporting IHRSA even in a very difficult economic environment. We owe a great deal to our suppliers, and we have a responsibility to them to make sure that their experience with the Association, particularly at the Convention and Trade Show, is one that is a big success for them. Having our suppliers have a great trade show with lots of new orders would be a big win for everyone.

Third is growing Membership. It will be a successful year if, at the end of the year, we have more members than at the beginning of the year and that we have more members actively participating in the association. The strength of the Association comes from the Members. The more active participation by the Members, the stronger the Association will be. The stronger the Association is, the more the Association can do to help grow, protect and promote the interests of the industry.



Treatment Room, The Sports Club/LA (Miami)

• • •

(Norm Cates, Jr. is a 36-year veteran of the health, racquet and sports club industry. Cates was the Founder and is in his 17th year as the Publisher of CLUB INSIDER. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached by phone at 770-850-8506 or email at Norm@clubinsideronline.com)

Our sincere thanks to Dr. Art Curtis for his lifelong dedication to our great industry and for his service at IHRSA and for his time for this interview. We wish him well as he serves as IHRSA's Chairman this coming year as the Association celebrates 30 years in business. Thanks to Ms. Kate Conti, Director of Communications for Millennium Partners Sports Clubs Management, LLC. for her assistance with images and photos.



Fire Studio, The Sports Club/LA (Boston)

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How To Attract and Keep Health Club Members

By: Jim Thomas

It's the question I get asked the most... How do I attract more new members, and then, how do I keep them?

Well, marketing and promoting your health club never stops. You should have a marketing plan-of-action every month without fail. I always find it fascinating when I ask a struggling health club owner what they are doing this month for marketing and they say, "Not a lot this month... we're looking for some things that will work." That's a recipe for disaster.

Here some key things to work on in your health club:

•Are you easy to work with? Your health club guests and members are looking for ready solutions, and if you can provide them in what comes across as an effortless manner, your guests and members will quickly come

to rely on you and be happy they joined your health club. I see too many health club owners and staff who are too quick to say no. The best philosophy? Look for reasons to say yes. It will be some of the best word-of-mouth marketing you'll ever get.

•Recognize the importance of all contacts, leads and introductions in your health club. Be sure to follow up on all contacts that come your way... no matter how insignificant they may seem to be at the time. You never know where it might lead. The more connections you have in your health club, the better your chances to be referred. And, let's be very direct here, can you really afford to pass up any kind of referral?

•Treat your health club staff and prospective staff like VIP's. Treat everyone in your health club with respect; treat everyone

with professionalism because you never know when you might get that referral from the friend of the Sales Manager's assistant working for a health club across town.

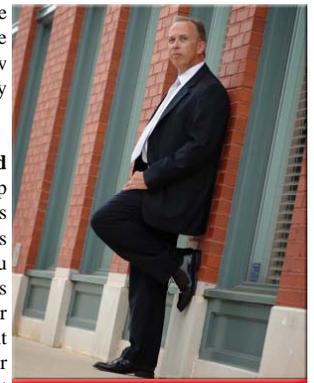
•Keep only ideal people in your circle. No matter how good a job you do, you'll always have some members who want everything for nothing or become impossible to satisfy. Keep it professional, but at the same time, recognize the fact that you'll never make these members happy in your health club. Continually having to address issues with a problem member will take time and effort away from your other health club members and guests.

•Make your front desk a marketing machine. This is the first person your prospective new members see. Hire and train staff who are professional, personable, nice and prompt. They should

be adaptable and able to handle pressure well, as well as be receptive to change and new technology. This is the gateway to the rest of your health club.

•Be prompt, be punctual and keep your word. Do not keep your guests, members, vendors or employees waiting. It shows lack of respect and that you don't value their time. Always show that your word is stronger than any contract or agreement you might have with them. Your members and guests will respect that more than a piece of paper.

•Be ready to present your health club in 30 seconds or less. Yes, the elevator speech. That's the one you should memorize and play over in your head again and again according to what's going on within your health club. Never get caught off guard with a loss of words or inventing something on the spur of the moment. You'll



Jim Thomas

look unprepared and not very in touch with your health club.

Now, go attract some new members!

(Jim Thomas is the President of Fitness Management USA and may be reached at jthomas@fmconsulting.net)

ABC Financial Launches New Logo, Marketing Campaign and Website

LITTLE ROCK, AR - ABC Financial, a provider of billing services, club management software and membership marketing solutions to the fitness club industry, unveiled a new company logo. It also introduced a multi-channel marketing campaign and a redesigned website at www.abcfinancial.com.

Jim Bottin, founder and CEO, said, "There has never been a better time to introduce a

new logo and branding initiative for ABC Financial. These efforts demonstrate how far our company has come since being founded in 1981 and where we are heading. Through the years, we've grown from a billing company, sending out coupon books and statements, to a full-service software, marketing and EFT provider. Our new branding efforts give us a platform to talk about the breadth and depth of

our products and our ongoing commitment to providing the most robust software and services to our clients."

The advertising campaign features testimonials from current ABC Financial customers and their personal experiences with the company, while also emphasizing the broad range of products and services offered. Company heritage and customer familiarity strongly influenced the

logo redesign, which features a design element from the previous logo, but presents a simplified, more modern design. The arch within the logo is also reflective of the company's momentum moving forward.



ABC Financial to Unveil Self-Service Kiosk

LITTLE ROCK, AR - ABC Financial (ABC), a provider of billing services, club management software and membership marketing solutions to the fitness club industry, announced the launch of its new electronic kiosk designed to provide a self-service option to fitness club members. The kiosk features ABC's membership management software product, MYiCLUBonline, and is available to ABC Financial customers nationwide.

The self-service kiosk allows fitness club owners to save valuable employee time, reduce front desk duties and better

manage their staff resources by providing a faster, more convenient way for club members to access information and manage club accounts. Members will now be able to gain access to their MYiCLUBonline accounts at the club in order to review and schedule classes, view upcoming appointments, update account information and make payments. New members will have the option to join a club from the freestanding terminal as well.

"Like all business owners, club owners are always looking for ways to save time and money. This self-service option is one of the ways ABC

is helping them meet that need. Like an automated check-in at the airport, this kiosk is designed to offer an added convenience to club members who would rather access account information on their own," said ABC Financial president, Paul Schaller. "New members will also like the ability to enroll quickly and have immediate club privileges."

In addition, the initial viewing screen will appear to be part of the club's website. The kiosk arrives preconfigured and ready to use. It does not require a dedicated connection and runs off of existing wired or wireless Internet service.





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Leading is Not Managing

Step Eleven in the Series: Fifteen Steps to Paradise

By: Will Phillips

Read this to learn how to escape from management land and stay in the world of leadership, where you will do less, work faster, reduce frustration and have more impact on your business success. This article will cover four different perspectives to help you enter leadership land: Can leadership be learned? Who is a leader? Why focus is the most important thing a leader delivers. And, uncovering your hidden, blind spots. There is ample work here to keep your leadership development busy for several years.

Can Leadership Be Learned?

Observers of leadership debate whether it is learned or you are born with it. Here are two views from real leaders. Theodore Roosevelt said leaders are made. "I was a pitiful specimen as a child. With my father's guidance, I set out to make my body, thereby making my mind and spirit as well. If I can do this, anybody can."

Attila the Hun remarked that "History reveals no leader who did not learn to lead. Some are smarter, but that does not always make them better leaders. [Was he prescient in describing our leaders on Wall St. and Washington?] Some have more courage and ambition which sometimes gives them a slight

edge. Tenacity works when nothing else does."

Who Should Lead?

When Teddy and Attila were leaders, life and work was simpler or at least unfolded at a slower pace than now. Good leaders with committed followers could succeed. In today's fast paced world of hyper competition, traditional or hierarchical leadership is too slow to react and is insufficiently nimble and innovative. Service businesses are more severely impacted by these changes since the service is delivered by the part time, front line staff, not the designers, engineers and marketers of the product as in manufacturing. These market demands drive organizations to be fast, nimble, innovative and responsive if they are to deliver distinctive value. Staff need to be able to analyze, solve and respond in seconds. There is no time for a consultation with a manager or leader, and there are not enough of them to go around. Some say all managers and supervisors add cost and no value.

This leads to an organization where everyone is a leader. This does not mean that everyone is leading the overall organization, but rather that everyone exhibits leadership behavior in his area.

Leadership Development

The critical challenge for many clubs with satisfactory growth, strong reputation and good profits is finding the right people. Bringing them in from the outside is always chancy as you never really know who you have until you see them in action. Even so, the tendency is to hire the leaders you need now, not the ones who can learn and adapt as the business matures. This is why growing leaders from within is so critical, yet most companies fail to invest in real leadership development until it is too late, and then, they are challenged with finding outside leaders and hoping they fit the culture and systems. This 'patch' job often stimulates a belated and haphazard leadership development process.

The reason leadership development is neglected is because it costs executive time and bottom line dollars, and in the drive for growth and profit, it may be forgotten. In other words, leadership development is neglected because there is no leadership to begin with.

Why Focus is the Leader's Most Important Contribution

Organizations exist to do work that is too much for a single person. Simply collecting a mass of people together does not make an organization; it is a crowd. The catalyst that transforms a crowd or collection of people into a purposeful organization is their purpose. Their reason for being... Their focus... All organizations know what they do --some even know how to do it-- but very few know WHY they do the WHAT and HOW. This lack of WHY depowers most clubs and shunts them into the world of competition where the customer sees no difference except price. All great businesses are clear on the WHY. It drives customers to their doors in the midst of competition. When the latest iPhone 4 sold 600,000 phones before it was available, you begin to get the idea that customer allegiance can be a powerful factor in business success. Simon Sinek explains

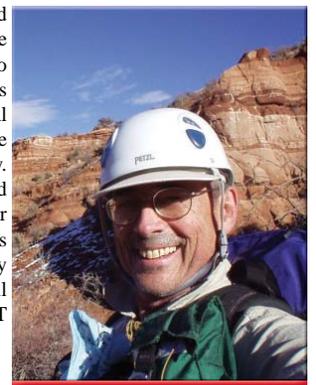
how this occurs in his book and YouTube video, cited in the resources below. Apple sells to the heart. Customers see Apple's WHY and their own personal WHY as in sync. Catch the Apple 1984 Super Bowl add to see why. Use these tools to formulate and communicate your why so your staff are in sync, your members are in sync and your community is in sync. Then, prospects will buy for the WHY not the WHAT and HOW of your competitors.

Blind Spots

Successful leaders often succeed by being aware of their blind spots. One blind spot can undermine all your strong leadership abilities. The challenge is that they are called blind spots because we are unaware where we are blind. This lack of self awareness prevents correcting or compensating for our blind spots. The phrase 'blind spot' is from perceptual physiology. Google the phrase to learn more. The most common leadership blind spots are:

1. Going at it alone
2. Insensitive to impact on others
3. An 'I know' attitude,
4. Avoiding difficult conversations
5. Blaming others or circumstances
6. Treating commitments casually
7. Conspiring against others
8. Withholding emotional commitment
9. Not taking a stand
10. Tolerating 'good enough'
11. Strong need to be right
12. Always want to be in control

Do not bother choosing yours. The only valid assessment is having your family and management team assess you! Having done this with REX Roundtable members, I can confidently report the value in terms of improved leadership by taking the brakes off! For more, see *Fearless Leadership* in the resources section.



Will Phillips

Two final behaviors that, in themselves, will drive significant leadership growth and improved performance are hiring tough and entering the learning zone. Each of these may require overcoming a blind spot or two.

Look for this chapter in the book compiling all of my **CLUB INSIDER** articles, as it has an extended section on research-based Leadership Practices Inventory.

Resources:

Fearless Leadership by Loretta Malandro
Start with WHY by Simon Sinek. See also his 18-minute YouTube video.

Leadership Practices by James Kouzes and Larry Posner. See also their online leadership assessment.

Leadership Jazz by Max du Pree. See especially his chapter on pitchers and catchers, featuring Sandy Koufax.

(Will Phillips is the President of REX Roundtables for Executives. REX chairs eighteen club owner Roundtables. Apply now for admission to one for you. The newest REX Roundtable will focus on Small Giant businesses in all industries. Your comments and inquiries are welcome at Will@RexRoundtables.com. Will's blog is www.HealthClubGuru.com)

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Being *Real* in the Club Industry

By: Jeffrey Keller

Without a doubt, the biggest challenge club owners and managers have in this industry is overcoming the "Trust" factor that Norm Cates speaks so bluntly about in nearly every issue of **CLUB INSIDER**. "Trust" affects all aspects of our operations, from sales, to retention, to service design. Being *real* is at the heart of promoting trust between owners and managers as well as employees and members. But, being *real* isn't as simple as it sounds. Some people think that being *real* is nothing more than being blunt and truthful without bias. This can be part of it but only a small part of it. Truly being *real* is being genuine and authentic, and this appears to be very challenging for club owners and managers, especially in these economic times.

So what exactly does being *real* or "genuine and authentic" mean? Well, it could mean a lot of things to a lot of people, but in this context, it means living up to your promise. So many clubs employ sales staff whose sole purpose is to sell memberships to anyone who will buy them. Prospective members call or walk in expecting a club to deliver on promises, only to be disappointed at the result. They're promised a solution, and very few get it. This is why we as an industry don't have the "Trust" of the buying public and are falling woefully short of getting any deeper penetration into the marketplace. Ever wonder why the weight loss market is a \$33 billion industry (as of last year) while the health club industry is stuck at \$19.5 billion? It's because, as unhealthy as some

of those products can be, they deliver what they promise. If we can't deliver on the expectations of the pitiful 14% of America who do pay for a membership, how can we ever hope to be a long-term success?

For those who have read my articles or heard me speak, you know that delivering on expected results is part of delivering value and thus, being *real* is at the core of delivering value. No customer, no matter how much disposable income he or she has, will stick with a club that isn't delivering value. With the current economic climate, this has become even more prevalent. Members, who in the past would've written our shortcomings off as stereotypical and tolerable, are now cancelling their memberships because they feel their hard-earned dollars are going to a business that isn't giving them what they wanted. The end result is that our market penetration is gradually decreasing, and we're left fighting with each other for those who remain. Yes, there is some accountability that the member has to have for failing to reach his or her goals, but a cancelled membership is a cancelled membership, regardless if it was entirely our fault or not.

Better Make It Real

Few people have written about authenticity as succinctly as Jill Morin in her book *Better Make It Real: Creating Authenticity in an Increasingly Fake World*. She has summed up, in 150 pages, what we need to do to guide our industry towards success. No, she doesn't give you nuggets of wisdom or a bullet list for being *real*, but rather, she gives you the

framework for what she believes will make you *real*. Without spoiling the book, because truthfully, it is well worth reading cover to cover to get the most out of it, here is a kick-start. It will strike you with its simplicity, because frankly, it's simple. Ms. Morin calls them the *4 Ps of Total Experience Design*. Read them and get started on being *real*.

Perception

How are you perceived by your members? More importantly, what do you claim to be versus how you are perceived by your members? This is an important facet of being genuine and authentic. Nothing will destroy you more than claiming to be one thing and failing to live up to it. If you're claiming to be the luxury club of the area, then be that. Deliver it without a shadow of a doubt. Don't cut corners to save on things that make you penny-wise and pound-foolish. To make sure there isn't a disparity between what you claim to be and what your members perceive you to be, measure it. Survey your members to evaluate yourself and your club. This is the only way you'll know for sure that you're living up to your promise.

People

We've all said it, "Our people are our most important asset." But how many of us truly walk the talk? "It used to be that customers would put up with poor service, if they knew they were getting the best in terms of the product," writes Ms. Morin. "How the best is delivered is equally --if not more-- important to today's sophisticated and

selective client." Just think back eight to ten years. Back then, employing a high school student at the Front Desk to check members in was all that was needed simply because you might have the newest equipment in town. But now, everyone has new equipment. The problem is that many clubs are still operating the same way. Long gone are the days of plunking someone without any training, or common sense for that matter, at the Front Desk simply to play traffic cop. Our employees are the face of our clubs, and members pigeon-hole our clubs based on their interactions with our employees. We're in an industry that earns its keep from the disposable income piece of our members' wallets. With the current economic climate and no doubt for a period of time after, that disposable piece is smaller and members are holding on to it tighter. If forced to make a choice between buying from a business that values their business versus a business that they aren't sure values their business, who do you think they're going to buy from?

Products and Services

Products and Services ride shotgun with Perception. If what you provide is out of sync with the perception of your club, you'll fail. For example, if your club caters to the family segment of the market, selling certain ergogenic supplements might not line up with the vision for your club. Sure, they're great for the club that caters to the young, edgy, UFC-oriented crowd, but for a mother of three who is into taking Yoga, seeing this for sale may create a problem. What would you think about a physician's



Jeffrey Keller

office that sold chewing tobacco at the Receptionist's Desk? You would probably think that this physician's focus is on something other than you.

Place

Place is the physical manifestation of Total Experience Design. Simply put, don't claim to be the luxury club in your town if your club is in a warehouse. There's nothing wrong with having your club in a warehouse, but there's definitely something wrong with having it in a warehouse and claiming that it's luxury. Additionally, your color scheme, your lighting, your music choice and your equipment layout, are all parts of how "place" can affect Total Experience Design. Even the temperature settings on the HVAC need to be in line with your vision. Everything you choose needs to be aligned with the vision and intended experience for your members.

No doubt many club owners are reading this and saying to themselves, "My club is fine." But, is it really? Are you (See Jeffrey Keller Page 22)

Cybex Wins Big with "Biggest Loser" Partnership

BOSTON, MA - As reported in the *Boston Globe*, Cybex International, the Medway-based fitness equipment manufacturer, has signed a multi-year agreement to be the fitness equipment partner for NBC's "The Biggest Loser" weight-loss reality show.

Through the partnership, Cybex's strength and cardio equipment, including the new

Arc Trainer, will be prominently featured in the show's 10th season, airing in September. The machine will replace the show's elliptical equipment.

Larry Gulko, Chief Marketing Officer for Cybex, said, "The Biggest Loser" gives us an opportunity to have their contestants use our equipment for the first time." Viewers "are

going to want the equipment they see on TV," Gulko added.

Cybex will also provide equipment for The Biggest Loser Resorts, which allow everyday people the opportunity to train and lose weight the same way that contestants do on the TV show.

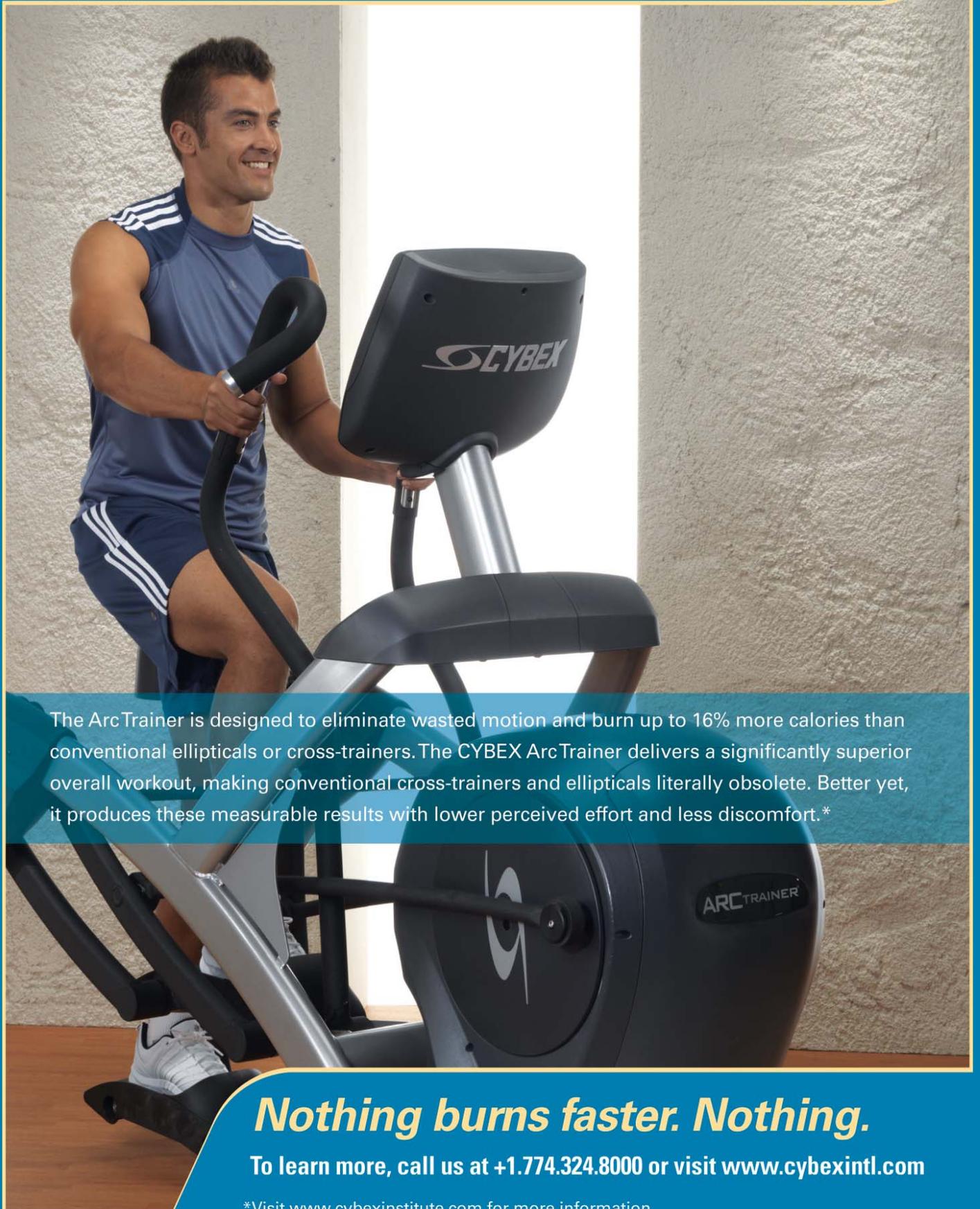
"We wanted the best equipment possible to help our contestants maximize their

workouts," said Mark Koops, managing director of Reveille, a Los Angeles-based studio and production company. "The Biggest Loser," and its spin-off, "Losing It With Jillian," are produced by Reveille. The "Biggest Loser" was NBC's highest rated show both nationally and in the Boston market this past season.



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How to Attract the Overweight Population

By: Donna Krech

Part II

We established the facts with statistical backing in part one last month. The overweight market needs us but isn't coming to us. Most fitness club members already truly understand that fitness is the key to successfully maintaining a healthy weight. The overweight person, however, doesn't want to hear this, so he doesn't come. And if he does come, IHRSA statistics reveal he is usually included in the ones lost to membership attrition. Today, I'll try to make things clear. Follow these very simple guidelines, successfully proven over and over, to bring the overweight market through the fitness doors. You'll not only attract the overweight member, but you'll keep him and have created a new fitness member in the process.

●You'll attract the overweight market when you market to that market. Know your desired member. They're NOT your fitness prospect! What are they doing right now? They're eating out, they're involved in sedentary organizations and many of them are at home, involved in nothing more than that and work. Know his wants and needs, not his age! You're not marketing to a certain age demographic. The overweight market consists of all ages. Go to those who need results. Attend events he attends. With regard to advertising, announce the best features of your program but always focus most on benefits.

●Know that a picture is worth a thousand words! Know how to connect with the desired member. Facts only tell. Stories sell... Use real members and make sure they are people your prospect can relate to. *NO hard bodies!* The overweight market doesn't trust us already! Make it believable by making it real!

●Know that it's not about the product, it's about the people. That will cause your prospect to take action. It's not 20 years ago anymore. Your prospect has tried the magic potions, pills and boxes of food they buy. They're smart and won't respond to that. A program based on a member's needs WON'T be one that's product intensive. Put focus on each member's goal individually. As a businessperson, realize that your program/product mix is the key in determining your net profit. We suggest 65/35.

●Focus on the long-term gain... in knowledge and behavior change that is. The best plan is one a person can stay on for the rest of their life. If he can do it forever, that's how long his weight is going to stay off! This isn't rocket science. It's simply about doing the right things. The business adage is true. The first rule of real estate is location, location, location! We must face reality. People are more comfortable being dealt with in a way they're most comfortable with. This does not exclude our overweight friends. *Up to 96% of this market isn't coming in to the club because it's intimidating and uncomfortable for them!* They want and need a safe, comfortable and non-threatening environment to come to. Privacy is needed, so a separate area away from all the workout hubbub is best. A separate entrance is great! Are you willing to make the small investment of creating a door if it will make you the place to come to for answers to weight loss woes? This offers the highest degree of comfort for the prospective member and the highest profit for you!

●As Fitness Pros, we have to *shape up* our attitudes about the overweight member. We have to see the weight loss member differently than we see the fitness member. He has avoided us because we haven't made ourselves accessible or appealing to him. Meet him where he is at, build a real relationship and educate him on why he is losing as he is losing. Get him moving just a bit more than he is right now... THEN, guess what? He will fall in love with fitness! If this is done correctly, not only will the overweight population decrease, but our fitness facility memberships will SOAR!

●Stick to the basic food groups so a livable change can take place. Use all foods groups so a member can eat his favorite foods (including the occasional junk food group)... He will follow it. When he follows it, he will lose the weight. When he has lost weight eating his favorite foods, he will keep the weight off! When he's lost weight eating the pre-packaged stuff, the weight will come back immediately when he goes back to real foods. I've been watching this happen for over 20 years! We need to give people real food, delicious food that he buys at the grocery or in a restaurant. Pre-packaged stuff may make you money, BUT it will also hurt your long-term reputation!

●Choose life style modification over food choice reorganization! Long-term weight loss comes from behavioral change. It has very little to do with food. Know that emotional reactions, mental habits, social patterns and environmental factors affect

weight loss MORE than food!

●You must offer a result-producing program. You do not need a nutritionist on staff! Your members want results! He cares that the program offered is safe and livable. He doesn't care if a nutritionist administers it. All you need is to be sure you've got access to the proper person with the proper credentials so you're within the guidelines the law requires.

●For maximum prosperity for everyone, you must know the fitness of business as well as you know the business of fitness. Know how the business day should flow; don't just wait for something to happen. Know what the business' stats *should* be so you can set standards to live by.

"Okay Donna," you say, "these guidelines are good and definitely helpful. So how do I apply them? What steps do I take if I want to do this?" I'm glad you asked! Tune in for Part III of this article, and I'll give you step-by-step instructions on how to implement weight loss now. As for today, you need to do only three things:

First, believe that a weight loss prospect is different from a fitness prospect and decide that you want to help him climb that mountain and take in that spectacular view by meeting him where he is at. The bottom line for true success is that you *get it*, that you understand the reality that the individual who needs help losing weight is different from the person who wants to join an exercise facility.

Second, follow the

UP TO 96% OF THIS MARKET ISN'T COMING TO THE CLUB BECAUSE IT'S INTIMIDATING AND UNCOMFORTABLE FOR THEM!



Donna Krech

guidelines above and have a meeting with your management team to strategize and plan the options of possible directions you may want to go.

Finally, remember a vital key to your success is to get together with someone in a company who's had success in weight loss. Interview him and visit one of his facilities if at all possible so you can glean a real perspective on what's going to be the right concept for you. There are many truly wonderful companies to choose from. I've been in the business long enough to know a lot about most of them. Let's do something about getting this overweight epidemic beaten now! Make the decision today to at least probe the idea of expanding your areas of expertise... your profit margin will expand in the process!

(Donna Krech is Co-Founder and CEO of *Thin&Healthy Weight Management*, author, speaker and *Life Success Expert*. *Thin&Healthy*, a company which owns and licenses its business concepts internationally, was founded in 1994 and has successfully combined fitness and weight loss since that time. Donna's industry career began in 1982 and has included all positions; from group fitness instructor to licenser. Donna may be reached at donna@donnakrech.com)

...Jeffrey Keller
 continued from page 20

growing at a rate that exceeds your expectations or even meets the mark? *BusinessWeek* wrote in 2007, "a company's reputation for being able to deliver growth,

attract top talent and avoid ethical mishaps can account for much of the 30%-to-70% gap between the book value of most companies and their market capitalizations." So, what does this mean? In club management terms, it means you can operate a club that, physically,

is nothing special, but because you're *real*, your businesses will be 30% to 70% more successful than the exact same club down the street that isn't being *real*. So, are you at least 30% more successful than your competitors? If you aren't, you might want to

rethink what it means to be *real*.

(Jeffrey Keller, MS, MBA, is the Assistant General Manager of *VillaSport Athletic Club & Spa* in The Woodlands, TX. He's also the President of the *Independent Health Club Net-*

working Association (IHCNA). ANY and ALL comments regarding his articles are appreciated. He can be reached at jeffrey_keller@msn.com, on LinkedIn, and on Twitter.)

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Gold's Gym Partners with BTS to Introduce Branded Group Exercise Programs

ATLANTA, GA - Gold's Gym International will introduce Gold's Gym branded group exercise classes to its franchise system, powered by Body Training Systems (BTS), a leading supplier of popular group fitness programs. The agreement will allow its franchise owners to further enhance and strengthen the Gold's Gym brand in clubs nationwide.

"The Gold's Gym brand has made a lasting imprint on the nation's consciousness, and this partnership advances our position as the leader in the fitness industry," said Joel Tallman, Senior Vice President of Franchising & Global Operations for Gold's Gym International. "We look forward to implementing Gold's Gym branded exercise programs in clubs across the nation to improve class

consistency and results for our members."

As part of the partnership, Gold's Gym franchise owners will have the option to select from a series of seven distinct group exercise programs covering a variety of fitness genres that will be branded by Gold's Gym. Each program is designed to inspire and motivate all ages and fitness levels in a fun group environment.

"Gold's Gym branded exercise classes can be a tremendous asset to gym owners wanting to take it a step further to distinguish themselves in a highly competitive marketplace," said Rich Boggs, president and CEO of Body Training Systems. "We look forward to working with Gold's Gym to provide quality group exercise programming and customized management support."

The Medical Fitness Association (MFA) Announces Winners of National Programs

RICHMOND, VA - The Medical Fitness Association (MFA) has announced the winners of two national programs, the "Steppin' Out... for a Lifetime" National Walking Challenge and the Regional Chapter Rising Star leadership awards.

"MFA is thrilled to have such an enthusiastic membership full of strong leaders dedicated to medical fitness. We are proud to support individuals who are committed to promoting the benefits of health and fitness programs on lifestyle-related disease and making medical fitness programs and services available within their community," said Cary Wing, EdD, Executive Director of the Medical Fitness Association.

The "Steppin' Out... for a Lifetime" National Walking Challenge was part of MFA's Sixth Annual Medical Fitness Week held April 19-25. The Medical Fitness Association created the annual "Steppin' Out... for a Lifetime" National Walking Challenge and Medical Fitness Week to promote physical activity levels in all ages and highlight the medical fitness difference. To participate in the challenge, medical fitness centers were asked to encourage their local community to get up and move by striving for 70,000 steps in seven days from every participant. This year, MFA members responded with an average number of steps logged per walker of 59,355 over the seven-day contest, and a grand total of 784,376,361 steps taken by 13,215 participants.

The following facilities ran away with the top three awards for total steps:

- Beach Cities Health District Center for Health & Fitness in Redondo Beach, California
- The Center for Health Improvement at Hays Medical Center in Hays, Kansas

- Providence Health & Services in Portland, Oregon.

The following facilities reported the highest average number of steps per person:

- Vanderbilt Dayani Center for Health & Wellness in Nashville, Tennessee
- Galter Life Center on the Green, Inc. in Chicago, Illinois
- Phifer Wellness Center in Morganton, North Carolina.

The Medical Fitness Association also announced winners of the MFA Regional Chapter Rising Star Awards. The MFA Rising Star Awards program recognizes outstanding individual achievement and leadership within the medical fitness community. Award recipients continually exceed performance expectations and actively pursues personal, professional and intellectual growth opportunities. The following winners were recognized for their exceptional work.

Northeast:

Front Line Staff Category

Caitlin Fitzgerald, Exercise Instructor II
 The Wellness Center at Monadnock Community Hospital, Petersborough, NH

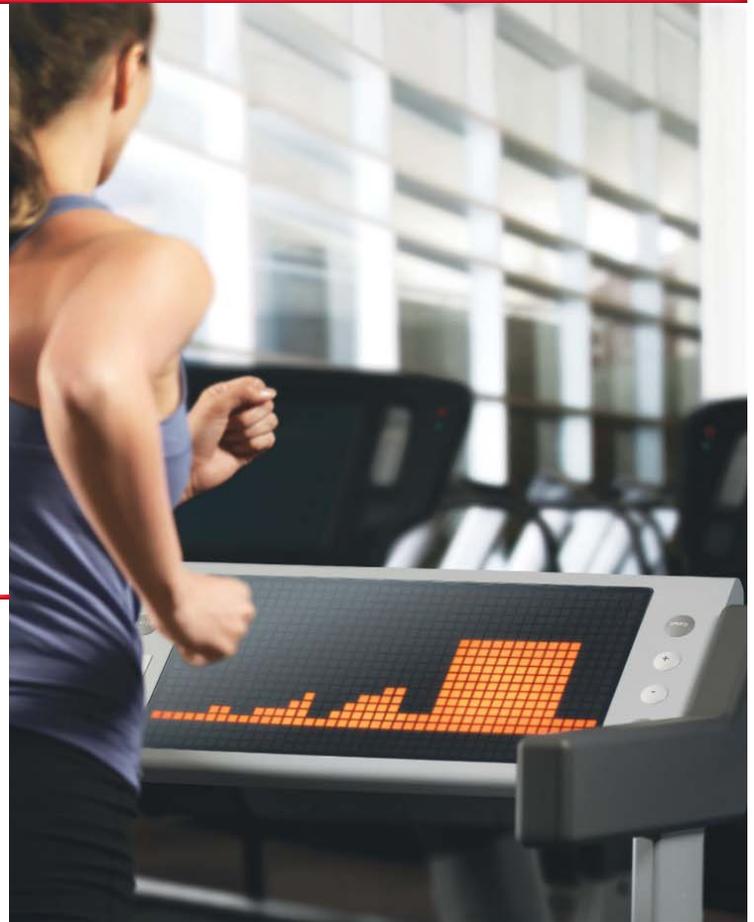
Central:

Supervisor/Coordinator Category

Jennifer Labovitz, Cardiac Prevention & Rehab Manager
 Northwestern Lake Forest Health & Fitness Center, Lake Forest, IL

Front Line Staff Category

Lisa Branzel, Athletic Trainer
 TriHealth Fitness & Health Pavilion, Cincinnati, OH.



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fiserv.



What are the top initiatives for your company?

Are they . . .

- increasing your foot traffic through innovative marketing?
- increasing your overall closing ratio at the point of sale?
- increasing your personal training revenues?
- implementing a system that drives consistency?
- increasing your membership retention by insuring that no member falls through the cracks?
- increasing your exposure at community outreach events?
- increasing your corporate presence in the community?
- maximizing your revenue per member?

“Visual Fitness Planner makes average sales people so much better. The ability to differentiate XSPORT from the competition is critical. Visual Fitness Planner gives our members great education and motivation to achieve results. The support you receive from Visual Fitness Planner’s team for training and development of the staff is tremendous.”

XSPORT Fitness (27 locations)
Steve Fieweger

“Since we’ve began using the VFP in June 2009, our Personal Trainers have increased their production dramatically. I’m sure that you would agree that one of the challenges with multiple locations and personnel is “keeping them on the same sheet of music”. With the VFP, everyone is sending the same message in the same manner to all of our members. Naturally this promotes better continuity and higher sales. The bottom line is that our Personal Training sales have increased approximately 300 - 400%.”

World Gym, Arkansas (4 locations)
Harley Mork, Director of Personal Training

The Visual Fitness Planner technology sets the health club industry standard for sales and marketing by providing a turn-key system for marketing, capturing and integrating new members into a healthy lifestyle change. We automate a clubs existing sales, marketing and orientation system with the power of our visually impacting technology. The software calculates a person’s health risks for diseases, predicts their “health age”, creates a 3-D image of their body and calculates how long it will take to achieve their goals - and in this process increases the personal training sells and member retention.

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...IHRSA

continued from page 6

Directors all the best. We also thank and wish departing Board Members, Patchel-Evans, former Chairman and Ex-Officio, Gene LaMott, a well as Rick Beusman, Bob Shoulders and Lynne Brick all the best. Congratulations to new Board Members Carol Nalevanko, Brent Darden, Scott Gillespie and Richard Bilton, who joined the Board on July 1st.

The Importance of IHRSA Membership

So, let me review the reasons you should join and support IHRSA, the IHRSA offerings... so you realize that your membership investment will be a very wise one, or is if you're already a member. IHRSA, is a 501(c)6 not-for-profit trade association and has achieved and is achieving many industry advances such as:

- The continued prevention of State legislatures from making industry debilitating legislative moves that could drive clubs out of business or cut into their profits dramatically. In the past 18 months, IHRSA has a 24-0 record in defeating State laws that would be detrimental to the industry, and so far in 2010, the record is 18-0.

- Networking with industry peers from across the United States and around the world.

- Assisted in creating and continuing to strongly support the passing of the WHIP Act and PHIT Act, two laws that will change the landscape for all clubs dramatically once passed.

- Hosts the annual IHRSA Summit For a Healthier America in Washington, D.C., where our industry is represented by IHRSA Members in face-to-face meetings with our elected representatives in the United States Congress.

- Provides new and experienced club owners and operators with best practices training for their operations.

- Created a worldwide Passport Reciprocal Membership program for all IHRSA Clubs.

- Produces an annual industry data survey called *Profiles of Success*, with the latest financial information collected from par-

ticipating IHRSA clubs, Regional Marketing Reports, an annual Global State of the Industry Report, monthly trend reports, Eye On The Economy Reports and Human Resources Bulletins.

- Provides a significant Online Resources Menu including: Free Human Resources assistance at HealthClubs.com, the expansive IHRSAStore.com, Opt-In E-Letters, IHRSA Buyers Guide, IHRSA Online Education, Best Practices and Idea Swap.

- Produces the industry's most well attended annual Convention and Trade show with over 200 speakers and 400+ companies exhibiting in the U.S., as well as IHRSA Fitness Brazil, IHRSA European Congress and the IHRSA/Asia Pacific Conference.

- Produced and updates a library full of books, manuals, CD's, videos and other educational materials.

- Produces the annual "I lost it at the club!" program and the "Get Active America" membership promotion where participating IHRSA Clubs open their doors to the public for one week during the Month of May.

- Provides a Resource Center that provides information and advice on fitness and personal training, sales and marketing management, health and fitness marketing, human resources, customer service and retention management, programming, technology, going "green," product manufacturers and suppliers, savings programs and budgeting and wellness and health promotion.

- IHRSA's Group Purchasing Program provides member clubs with significant discounts on "must buy" products, such as office supplies, paper products, soaps/lotions, cleaning products, towels, music licensing, insurance and even utilities. IHRSA clubs spent over \$5 million in the Group Purchasing Program last year alone.

- Produces CBI and Get Active Magazines in print (Get Active Magazine is for consumers and is provided free by IHRSA for your members) and Club Business Entrepreneur online.

- And, don't forget that IHRSA provides the best NETWORKING OPPORTUNITIES in the industry

every day of the year because, all you have to do when you have a problem or a challenge, is to reach out to IHRSA friends for ideas to solve whatever it is.

- And, the list goes on and on...

By supporting and helping IHRSA maintain its leadership role and create a positive and profitable future for your club and for clubs you may build and operate in the future, you help ensure the future of your club business enterprise(s).

Without the continued support of IHRSA by thousands of clubs in the U.S. and around the world, IHRSA could find itself unable to continue, or at best, unable to continue all of the important services and activities now provided for member clubs. Your support is crucial to IHRSA's future.

IHRSA Must Continue To:

- Monitor and be immediately involved in State government legislatures that are experiencing massive budget short-falls during this Great Recession and State legislatures as they are leaving no stone unturned as they seek new tax sources. In the past two years, a number of States attempted to impose new sales taxes on health club memberships, and IHRSA, working with club owners, stopped them. A number of States attempted to impose new membership contract law prohibiting written renewals by clubs, and IHRSA, working with club owners, stopped them. Some states attempted to impose new laws on AED implementation and operations, making it virtually impossible for some clubs to comply, and IHRSA, working with club owners, stopped them.

Without IHRSA monitoring and mounting lobbying efforts on behalf of the commercial health and fitness club industry to stop bad State laws, America's State Legislatures could kill our industry. How do I say this more clearly? I don't think I can.

This single aspect of IHRSA work must continue, or it is just a matter of time before new, disastrous State laws could be passed. These are laws that could literally ruin your club business forever. For example, suppose some State Legislator gets the bright idea to ban EFT (Electronic Fund Transfers) in the health and fitness club industry? Don't let yourself believe this



could not happen because IHRSA has already fought off several new State law initiatives that sought to modify renewal notice policies for EFT memberships. So, a leap by a State to attempting to ban EFT dues collections altogether clearly is not impossible. Frankly, I think every single vendor company in our industry who is involved in the financial world of collecting EFT dues for clubs should contribute significant funds to the Public Policy Council's Industry Defense Fund. If any of you folks in that field are reading this, just call IHRSA's Meredith Poppler at (800) 228 - 4772, Ext: 129 to discuss contributing to the Public Policy Council's Industry Defense Fund. Such a law, should it be passed in any State, would literally destroy the health club industry in that State and most likely would be copied by other State legislatures fairly quickly. This extremely important IHRSA work dealing with State legislatures for this industry is worth far, far more than the annual IHRSA membership dues any club will ever pay.

- Continue IHRSA's Public Policy efforts in Washington, D.C. This would include IHRSA finally seeing two significant Congressional Acts passed into law, the WHIP Act and the PHIT Act. The WHIP and PHIT Acts will provide businesses with financial incentives to provide their employees with health club memberships, and we must get this legislation passed. This work has already been going on for eight years now and is closer than ever to being done, especially since the recent inclusion of WHIP and PHIT Acts in the new

Healthy Choices Act. All of the IHRSA Public Policy thrusts require the support of many IHRSA Members to fund the staff and work that must be done. This is crucial to a great future for all clubs, and I urge you to contact **Meredith Poppler** to discuss how you can help.

- Continue to be the world's "Go-to" organization for things that must be done to grow, protect and promote the industry.

- Continue to lead the world in industry research and information. IHRSA is the number one information resource for the industry worldwide. IHRSA resources may now be accessed online and provide an extremely valuable service for clubs when utilized.

- Continue National programs, such as "I lost it at the Club!" and "Get Active America," which generate a lot of consumer interest and are helpful to all club participants.

- Continue IHRSA's worldwide Passport Program, as it provides the best reciprocal membership program in the industry. This provides IHRSA Members with a benefit that is huge for business people who travel and should continue as long as IHRSA exists.

- Continue the annual IHRSA Convention and Trade Show which has become the biggest and best worldwide gathering in the industry each year, where typically over 12,000 gather to network and learn from each other and world class speakers.

(See IHRSA Page 28)



MOVING FORWARD

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Keynote Address

Richard Simmons, America's Most Fun Fitness Authority

Shaping a More Fit World: How to Create an Environment That Motivates

Thursday, October 7 • 10:00am-11:00am



Immediately preceding Keynote Address:

Lifetime Achievement Award: Curt Beusman

Founder the Saw Mill Club (Mt. Kisco, NY), Sportsplex (New Windsor, NY) and Stamford Athletic Club (Stamford, CT)



Keynote Address

Bill Rancic, Author, Entrepreneur and First Winner of "The Apprentice"

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Exhibit Hall Hours

Thursday, October 7
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Friday, October 8
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Early Morning Workout
7:00 am - 9:00 am

Register Now!
For free exhibit hall admission – a \$35 saving – go to www.clubindustryshow.com/national

...IHRSA

continued from page 26

This event is vitally important to both IHRSA Member Clubs and Associate Members.

What Our Industry Could Look Like Without IHRSA

Without IHRSA, I truly believe it is possible that our industry could see a huge loss in our ability to stay in business in clubs because the governments of all of the States, and ultimately, the Federal Government, without IHRSA watching out for and fighting them, will pass devastating new laws that will make it impossible for many clubs to continue to do business. Nothing is off limits when it comes to politicians and what they will try to do.

Any one of these potential industry killing laws could do your club in:

1. Banned EFT;
2. Banned membership pre-payments;
3. Banned personal training without four-year degrees;
4. Outrageous tariffs and fees for recorded music;
5. Poorly conceived AED Laws that would make operations of your club impossible;
6. Laws requiring health clubs to have a Doctor on duty at all times.

Any *single one* of those could do it! IHRSA, and IHRSA alone, stands in between you and your club being damaged financially or

put out of business altogether by State or Federal governments.

Beyond potentially devastating State and Federal laws, an absence of IHRSA would dramatically reduce our industry's networking capabilities, cause a dearth of learning opportunities for people just entering our industry and/or wishing to improve their industry knowledge and expertise, and it could cause prices on equipment and necessary services to sky rocket as suppliers lose the IHRSA connections made each year at the IHRSA Trade Show, and thus, have to dramatically increase their marketing and sales expenditures, just to keep sales going. Thus, the equipment and services costs could increase.

Credibility and Trust Are the Keys

History will show that, during its first 30 years, IHRSA changed the health and fitness club industry dramatically from the industry our early great pioneers created. IHRSA made the health, racquet and sports club industry a far more respected and legitimate industry. However, our industry still has a great deal of work to do when it comes to building consumer *Credibility and Trust* in our club businesses.

In the view of this author, consumer *Credibility and Trust* are the single most important ingredients needed by our industry to move us forward in membership growth again. IHRSA provides all of its member clubs with the assets necessary

to produce greater consumer *Credibility and Trust*.

Our industry needs to unite, create, fund and deliver a regular nationwide Public Relations Message to slowly and surely build more *Credibility and Trust* in the minds of American consumers and help them realize and embrace our industry when they are considering doing business with us. *Credibility and Trust* are the keys to the future for our industry.

Membership growth that takes our now 44 to 45 million health club member number up to 75 or 80 million or more will not happen without a breakthrough by our industry in the realm of building more and more community *Credibility and Trust*.

When we, as an industry, finally figure out this challenge and truly do something about it, we will see many independent and club chain organizations experience a huge leap in memberships and retention, and a surge toward 75 to 80 million members in the U.S. will begin. Our industry needs to pool our funds to build a nationwide PR "Got Milk" style campaign for health and fitness clubs... with the emphasis on the new professionalism of club operators in America today.

Regardless of the future, history will show that, in the past 30 years, IHRSA taught the world about the economic and social benefits of regular exercise. IHRSA will also be credited with formalizing industry education on best practices and networking through its annual Conventions



PPC

Public Policy Council

and IHRSA Institute and other IHRSA industry advancing events. Anyone who wishes to enter this industry today has educational resources at IHRSA right from the start that are unequalled anywhere. And, as the years pass, this asset called IHRSA will continue to contribute greatly to building consumer *Credibility and Trust*.

Contact IHRSA and Join Today!

To close, I urge you to join the special worldwide community we call IHRSA. This single move will position you and your club business venture(s) for greater success over the long haul. Be part of the charge as IHRSA grows to 10,000 members by next March, 2011!

To inquire about membership contact IHRSA and ask for any one of the following **IHRSA Staff. Call: (800) 228 - 4772** and ask for: Bob Pelletier, Jes Harwood, Rob Boucini, Elizabeth Kelleher or Senior Sales Manager, Nicole Johnson.

(Norm Cates, Jr. is a 36-year veteran of the health, racquet and sportsclub industry. Cates was the Founder and is in his 17th year as the Publisher of CLUB INSIDER. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 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 Norm@clubinsideronline.com)



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Programming Tip of the Month: Judging the Best Programs... What Makes a Winner?

By: Sandy Coffman

I was recently asked to judge Club Industry's "Best of the Best Awards for 2010." My category was "The Best Member Appreciation Program." I loved the assignment! There were six entries, and all clubs were to describe their programs including a description, the purpose, the goal, the plan, the promotion, the budget, the result and the follow up plans. I've written about these important points before, and they are explained in detail in the first chapter of *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*. Following these keys to success is not a difficult task, but clearly, it is essential to the success of every program. I'd like to share some of my thoughts that influenced my decisions and hope they will help you design your upcoming programs.

First, think about the program as a business decision.

Define your reason for running it and the goal you need to achieve. This was the first thing I looked for. The Member Appreciation Program is a special event with specific goals. I found that two of the entries were special one-day events that were good programs but missed the point of "Member Appreciation" (the purpose). Surely, one of the main things to consider would be to create several activities in the club that were inviting to "all" groups of members, new, inactive and existing. A goal, of course, would be to engage new members, and re-engage inactive members, by providing a fun, easy experience at your club with your staff and existing members. No pressure, no intimidation, fun and all inclusive. You don't want to send the message that you only appreciate one certain type of member.

Secondly, innovation and creativity is necessary to make this day unique and memorable.

For example, one of the clubs designed the program around one sports activity. The reality here is that the vast majority of the participants will not be new or inexperienced. The best way to thank "all" your members is to include "all aspects of your club and to make them as fun and inviting as possible. For example, take your bikes out of your "room" and engage participants to ride in your lobby. Try short experiences and demonstrations with your group exercise classes.

A budget is necessary,

and it must be made in accordance with your goals. For example, is your goal to increase further participation, followed by a better retention rate? How will that affect your bottom line? Is your goal to expose your club to your members' friends and families to increase your membership? Is your goal to expose your community to your club and its members? Know how you will measure your result and create your budget accordingly.

Next, your follow up programs will only be as good as the experience at the event. Without a good follow up plan, the program will lose its effect. A good first time experience will encourage a lasting commitment. A great way to show your appreciation for participation is to display pictures of your members having a great time at your event.

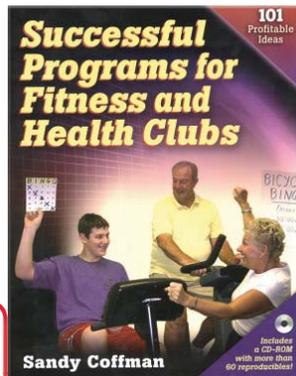
Of course, a Membership Appreciation Program should include a party. Food, drink, prizes and camaraderie are key --and provide great pictures and memories. And, as with any



Sandy Coffman

good program, "Always use one program to promote another."

(Sandy Coffman is the "Dean of Club Programming." To order Sandy's great programming book, *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*, go to www.humankinetics.com. Contact Sandy at SLCoffman@aol.com or visit www.sandycoffman.com)



Norm Cates' **CLUB INSIDER**
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All who have advertised, purchased subscriptions, pitched in as Contributing Authors and read CLUB INSIDER! We are now in our 17th year of publication! All of you are on the "Team" that makes this publication, and we will be grateful to you forever. **I appreciate and LOVE 'Ya!**

Very Sincerely,

Norm Cates, Jr.



bodytraining systems



"I have never seen anything else in the industry have such a high impact on guest traffic, member retention, member satisfaction and profits. With BTS we've increased monthly group participation from 800 visits to 6,000 visits, added over 2,600 new members increased retention from 50% to 73% and increased profits by over 400%!"



John Bonica
Co-Owner, Global Fitness Centers

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"We have learned the impact that marketing BTS programs can have on driving traffic into our clubs. We have advertised FREE classes to non-members in various media which has increased traffic by over 25%. On top of that, 90% of prospects who visit WOW! and experience a BTS program, join that day!"



Stephen S. Roma
Owner, WOW! Work Out World

"We began working with BTS in 2006 and within two years we had dramatic impact on our business. We went from only servicing 9% of our members in Group to 37%. Our retention rate for Group members has skyrocketed to 93%! And amazingly, by executing one of BTS' management principles of integration, we have developed a cohesive team of instructors and personal trainers. This has resulted in our PT revenue increasing by over 55%!"



Mike Silva
Owner, The Edge

"BTS is the single best investment I have ever made, not only in Group Fitness, but also for my club as a whole. It services our members, sells memberships, markets our club and motivates our members and staff, including me! BTS has enabled me to increase my membership price from \$30 to \$49 per month, and we no longer compete on price."



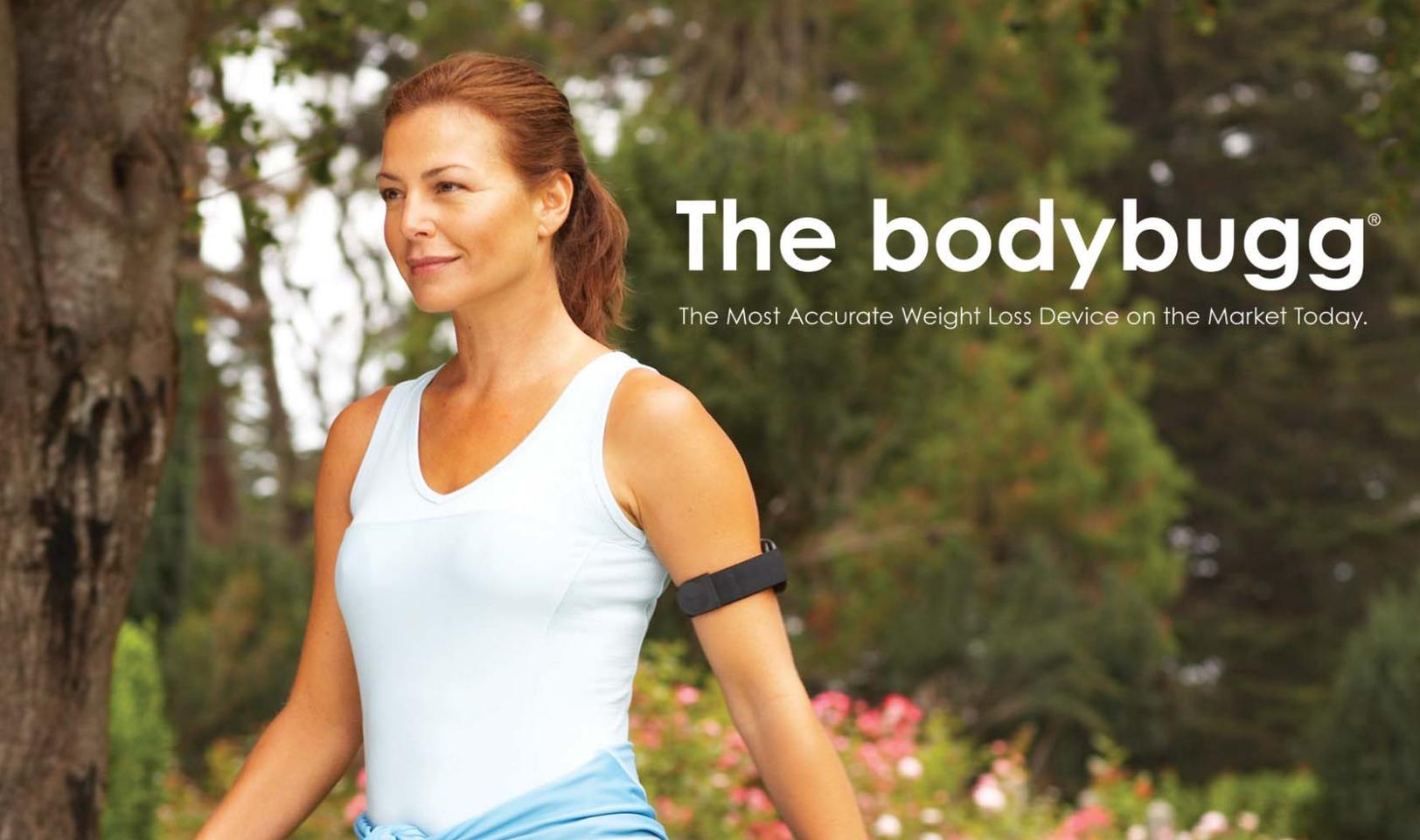
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