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Norm Cates' CLUB INSIDER™

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

Established 1993

AUGUST 2008



Will Phillips, Founder of Roundtables for Executives

Generating a Waterfall of Leads

125 Membership Lead Sources

an innovative concept *meets a*

A startup's success



Pam Trader worked in the insurance business for 16 years, but her heart was always in the gym.

So when she and her husband started exploring the idea of opening their own health club, they looked for a brand with some muscle behind it.

"That's why we chose World Gym," Pam says. "As first-time gym owners, we wanted to go with a brand that was recognizable to people. We liked the aggressive approach to marketing, but we really liked the name. We wanted instant credibility."

For the Traders, World Gym 1440 was the right fit – a small, 24-hour key club developed by one of the most powerful brands in the fitness industry.

The Traders opened their 5,000-square-foot World Gym 1440 in Millsboro, Del., this month, and sold 400 memberships in pre-sale.

That's right – 400 memberships. Even before the doors officially opened. For Pam, it was goodbye insurance business, hello entrepreneurship.

"We've got beautiful equipment from Cybex and Life Fitness, and a mission statement that makes people feel welcome," Pam says. "Plus, being open 24 hours is convenient for our members' busy lives."

"We're really excited about the future," she adds. "We've got the passion and the commitment to succeed in the fitness business, and the brand name to help us get there."

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Generating A Waterfall of Leads

125 Membership Lead Sources

By: Will Phillips

Publisher's Note: Will Phillips is the premier club owner executive roundtable guru in the health, racquet and sports club industry. His track record with his REX Club Roundtables speaks for itself, and his client list is laced with high achievers such as, Joe Cirulli, featured in the August edition of INC. Magazine. Will had originally provided CLUB

INSIDER with this article in three parts totaling over 10,000 words. We believed this article is so valuable, so well timed and so powerful to any and everyone in the industry, that we've featured Will on our cover this month. This is Part I, and be sure to check out Part II next month. Check out Will's REX ad on Page #22 and visit his website www.rexonline.org for information on his work and how to become part of it.

If you are aspiring to be a great leader in our industry, I could not make a better recommendation to you in order to improve and grow your business than joining one of Will Phillips' REX Club Roundtables. -Norm Cates



REX Roundtables
for Executives™ The CEO's edge in work and life

Part I

IHRSA reports there are more clubs than ever in the United States, yet overall

membership declined in the last year. This means there are fewer members per club, and many clubs will have to work smarter to match the sales numbers they generated in the past. For the first time in eighteen years, the 100 or so members of REX

Club Roundtables are reporting irregular sales. Some of the clubs with the most disciplined sales systems have even seen dramatic falloffs of 40% in lead traffic over the last six years. Why? More clubs equals more competition and (See Will Phillips - 125 Page 6)



Joe Cirulli

Joe Cirulli

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Cover Story

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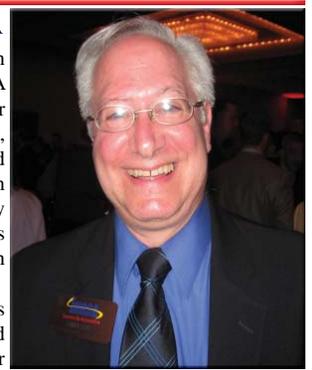
Industry Veteran Chuck Leve to Leave IHRSA

Boston, MA-August 12, 2008-The International Health, Racquet & Sportsclub Association (IHRSA) announced today the departure of Chuck Leve, Vice President of Business Development and fitness industry veteran, effective August 31, 2008. A 27-year IHRSA employee, Leve leaves to launch a new association, which will serve active, healthy lifestyle consumers.

"Chuck has been a tremendous asset to IHRSA," said Joe Moore, IHRSA Presi-

dent and CEO. "He has been instrumental in growing IHRSA and being a trusted resource for our members. We will miss him, but we are excited for him and his new venture. He brings an entrepreneurial spirit and ability to identify growth opportunities to this new company, and we wish him much success."

"Chuck was IHRSA's 'go to' guy from Day One," said John McCarthy, IHRSA's Former Executive Director. "Successively, (See Chuck Leve Page 6)



Chuck Leve

A Mid-Year Analysis of the U.S. Health Club Industry

By: Katie Rollauer

As the state of the economy is in the forefront of the news these days, IHRSA would like to share with you this mid-year analysis of the U.S. Health Club Industry. As always, we welcome your comments, please email us at research@ihrsa.org.

As 2007 came to a close, the health club industry reported \$18.5 billion in total revenues, a 6% increase over 2006. The total number of clubs grew 1% from

29,357 in 2006 to 29,636. More concerning was the news that total health club memberships numbered 41.5 million and did not grow over the previous year. In this mid-year analysis, I will provide insight as to why industry growth has slowed and examines its prospects for the coming year.

What does the 2007 Health Club Membership number mean?

It is also important to look at the long-term trends in the data. Since 1998, the indus-

try has seen 41% growth in the total number of members. Mathematically, the results show a decrease of 2.8% from 2006 to 2007 in the number of health club members. However this percent change was not statistically significant (the study had a sampling tolerance of +/-3.6% at the 95% Confidence Level). Upon examination of recent multi-year trends, it is clear that health clubs in 2007 had statistically the same number of members as in 2004 when membership totaled 41.3

million. Therefore, we can state that health club memberships have leveled off since 2004.

However, there are areas within the industry that are reporting growth, such as the Northeast and Southern regions of the United States, with 15% and 7% growth in membership over 2006, respectively. Additionally, the 55+ year old membership bracket grew by 17% and the 18-34 year old age bracket grew by 5% over 2006. It is also important to note that the industry has been

successful at converting health club patrons into members: 67% of total health club patrons were health club members in 2007, compared with only 50% in 1998.

Why do you think health club membership has remained constant since 2004?

There are several possible factors affecting the lack of membership growth since 2004. One possible factor is that many clubs have matured (in operation) (See IHRSA Mid-Year Page 8)

Inside The Insider

- Where Does Your Team Need Help? - By: Ray Gordon
- "What It Takes To Be #1" In Customer Service - By: Jeffrey Keller, M.S. M.B.A.
- Economics and Positioning Fitness Facilities - By: Andrea Sobotka
- Your Health Club Sales Staff Won't Change Unless You Change - By: Jim Thomas
- Sales is 90% Preparation and 10% Presentation - By: Ed Tock

Norm's NOTES: •Will Phillips Steps Up! •Chuck Leve leaves IHRSA after 27 years! •Joe Cirulli honored with outstanding INC Magazine August cover story! •Mike Grondahl's Planet Fitness to open 42 locations by end of 2008! •CheckFree's Ron Polisenio to present data security measures for clubs with legal expert Jonathan Rubens •BTS announces new clients: The Alaska Clubs and MVP Sports Clubs •WOW! Work Out World, Brick, New Jersey, suffers bad fire! •IHRSA Board changes guard •Joe Bommarito's HEX Tanning joins Club Insider Advertising Team •IHRSA Club Business Entrepreneur Conference/National Fitness Business Trade Show convenes in Las Vegas - September 8-11 •Club Industry Chicago convenes October 15-18 •Tim Richards shares news about human powered clubs! •Joe Hollingsworth criticizes Court South settlement •Michael McDonald wins John McCarthy Merit Scholarship •Colin Milner's ICAA conducts successive surveys •Former About Family Fitness in Coral Springs, Florida, turned Body Mechanics, now acquired by LA Fitness •Harold Morgan, formerly VP at Bally lands at IDEX Corporation •Childhood Obesity hearing held in U.S. Congress •Downtown Athletic Club in Miami emphasizes cleanliness as club approaches 25th Anniversary

- Oxygenate Your Studio - By: Dr. Craig Wenborg
- Back to Basics... Make it Fun! - By: Sandy Coffman
- A Letter From Royle Berry
- Fitness First Australia Founder, Tony deLeede Steps Aside...
- ALS Fight Intensifies!

Norm's NOTES

•Hello everybody! This is your friendly **CLUB INSIDER Publisher Since 1993** checking in! Here's the news on *who* and *what's shakin'!*

•**WILL PHILLIPS**, long-time **CLUB INSIDER Contributing Author** and preeminent health, racquet and sports club executive roundtable organizer and facilitator with his **REX Roundtables**, has stepped up big time in this edition! Will has produced a timely, powerful and amazing cover story that is intensely focused on helping your club generate new membership leads. His report entitled, "**Generating A Waterfall of Leads... Over 125+ Lead Sources**" is Will's response to last month's bad news that total membership numbers in the U.S. had dropped to 2004 levels and to **CLUB INSIDER's** work in progress, the new website: www.AmericanHealthClubs.org. In Part I, Will provides 60 excellent new membership lead sources, he calls 'channels' and next month in Part II, an additional 65 lead sources will be delivered. Read Will's cover story folks. Then, study it. Hey... then immediately pick 5 or 10 of his lead generating channel ideas you like most and get to work to prepare for the Fall/Winter Season. With the world the way it is, you might need more new membership prospects for your club sales staff to pursue. Additionally, this edition is packed with other helpful articles by our **CLUB INSIDER Contributing Author Team**.

•Next month's **CLUB INSIDER cover story** is entitled, "**What The**

Guys With The Money Think?" and will feature interviews with club industry financial guru, **RICK CARO of Management Vision, Inc.** in New York City and his four panelists from the **IHRSA 2008, 14th Annual Financial Panel**. The panelists we will hear from are: **JOE PELLEGRINI, MATT CARROLL, DOUG LEHRMAN** and **ED AARON. STAY TUNED!**

•**CHUCK LEVE** is leaving **IHRSA** to form a new consumer fitness organization called **the Consumer Fitness Association!** I received word of this news on Thursday, August 7th, and on Monday, August 11th, IHRSA sent a mass emailed press release informing the industry of the departure from IHRSA of 27+ year veteran employee, Chuck Leve. See the Press Release starting on **Page #3**.



•**Congratulations** to **JOE CIRULLI**, as he's featured on the cover of **INC Magazine's** August edition with a 5,000 word cover story entitled, "**The Believer**" written extremely well by **BO**

BURLINGHAM! Joe's story is one of hard work and never say die dedication, and our friends at **Fitness Business Pro** have access to the article in their **Newsbeat**, released Sunday August 10th. To read Joe's terrific story go to: <http://fitnessbusinesspro.com/news/gainesville-owner-inc-magazine-0508/>. Here's a guy, a fellow upstate New Yorker, originally from Elmira, New York (I went to Rome Free Academy High School in Rome, New York) who, as a young man at age 21, parlayed his last 12 cents into a \$17+ million four club business in Gainesville, Florida. Joe came to **Gator Central**, Gainesville, Florida, as a young man looking for his destiny: *to be the best*. Along the way, he served **IHRSA** on the Board and ultimately, as its **20th President**. You will never find a nicer guy and a man more dedicated to his Mission than Joe Cirulli. **Congratulations Joe!** Your great nationwide exposure as **INC Magazine's** August cover story subject *will go a long way to building more consumer TRUST in American health clubs*.

•**MIKE GRONDAHL's Planet Fitness** continues to hit on all cylinders as Mike indicated to me in a phone conversation on August 12th that they would open **42 new Planet Fitness locations** between now and the end of 2008, putting their total to about **300 locations**. He also indicated that they are projecting to open **150 PF locations** during 2009. Folks, say whatever you may about the Planet Fitness low-cost model. It is working for Mike Grondahl! On **World Gym International**

being on the market, Grondahl indicated that he made the decision to entertain possible suitors for the WGI, Inc. after meeting with and receiving counsel from one of our industry's most long-term veterans, an industry icon and private man, I will not identify here. Further, Grondahl indicated that now there are four or five different groups looking into the possible acquisition of World Gym International. **Stay tuned!**

•**CheckFree's RON POLISENO** will team up with legal expert **JONATHAN RUBENS**, at **Club Industry in Chicago**, to make a very important presentation about the steps you should be taking to secure your members' personal and financial data, a subject that increasingly is more urgent due to our nationwide identity theft problems. **Stay tuned!**

•**Body Training Systems (BTS)** has announced recent agreements with **The Alaska Clubs** and **MVP Sports Clubs** to partner in supplying branded Group Fitness programs. Both The Alaska Club group and MVP Sports Clubs are very high quality clubs who offer the best of all services to their members. Check out the article on **Page #26** and **BTS' ad** on **Page #39**.

•**BONNIE PATRICK MATTALIAN** informed me on August 12th that **STEVE and STEVEN ROMA's WOW! Workout World**, in Brick, New Jersey, experienced serious fire damage on Saturday, July 26th. Reportedly, the fire was caused by a sauna. Best wishes to the Roma's as they go through the rebuilding process that is expected to take 90 to 120 days to get the club open again. For information and details on the excellent manner in which the Roma's have handled this disaster go to: www.workoutworld.com and click **Weather and News Alerts**.

•**Sincere thanks** and **best wishes** to **JULIE MAIN** who finished her service on the **IHRSA Board of Directors** on July 1st after **7 years of service** as a **Board Member, IHRSA President, Ex-Officio President and replacement step-in Board Member**. Additionally, thanks to **TONY deLEEDE, ED WILLIAMS, LLOYD GAINSBORO** and **MIKE MOTTA** for



Norm Cates

their *dedicated service* and *hard work* on the **IHRSA Board**. And finally, *welcome* to new **IHRSA Board Members: JEFF KLINGER, KILLIAN FISHER** and **DAVID HARDY**, as they joined the **IHRSA Board** on July 1st. Folks, for all of you who are **IHRSA Members**, but not **Board Members**, you will never know how much hard work these giving folks put in on the behalf of all of us. But, I can tell you it is a LOT! So please, whenever you can, thank our current, and now, over **250 past IHRSA Board Members** for their service to the Association and the industry in general.

•**Welcome** to our new advertiser, **JOE BOMMARITO's HEX Tanning**. Clearly a great alternative for your members to the dangers of skin cancer caused by our hot Summer sun, **HEX Tanning** will give your club(s) a market edge. **HEX Tanning**, a 30-year running company will add profits to your club(s) bottom line. Check out the **HEX Tanning ad** on **Page 18**, and go to: www.hextanning.com.

•**The IHRSA Club Business Entrepreneur Conference and National Fitness Trade Show** will convene at the **Rio Conference Center, Hotel and Casino in Las Vegas September 8-11th**. Great speakers will highlight the conference, including such experts as: **GENE LaMOTT, IHRSA Chairman**, on "**Managing A Brand**"; **KEITH FERRAZZI, "Relationships for Revenue Growth"** and **DOUGLAS LIPP, former Walt Disney University Head Trainer** on "**The Magic of Exceptional Customer Service**." The **IHRSA/NFTJ Conference and Trade Show** will be held in (See Norm's **NOTES Page 10**)

Thank You

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- Will Phillips** - Roundtables for Executives - www.REXonline.org

in•tu•i•tion•ary *adj.*

The ability to understand something immediately without the need of conscious reasoning through simplification, causing to happen a complete or dramatic change.

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...Will Phillips - 125

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more well-educated consumers.

The most persistent sales problem for clubs has always been the lack of leads. A full-time sales person can handle six to eight appointments a day, yet most average about two to three. This results in underpaid sales people. If they have real potential in sales, they are likely to leave for another industry where they can earn more. Those with low sales potential may opt to settle and stay. If the club manages the sales process well, this creates pressure on the underperforming, lower potential sales person, and ultimately, drives him to leave which pushes up turnover in sales positions. This syndrome results in almost every club being short staffed on competent sales people.

The tactic of improving sales by improving your sales system, your sales manager and your sales training can succeed to a point, and you should certainly

invest in these improvements. However, your club may have reached a point of diminishing returns and will need to seek radically new ways or strategies to drive sales. This is the same story in every industry. Find improved solutions, apply them, get better results, and then, everyone is doing it, and the results decline until a new strategy is found. This cycle is so common, I have written about it in an article called the *S Curve*. You can find a copy at www.REXonline.org.

The motto of this universal phenomena is **SUCCESS WILL BRING FAILURE** unless you adapt. Trying to improve sales by using the old ways and expecting a different result is a good sign of insanity, or more likely, frustration. Here are two breakthrough strategies for more sales. Each one has found great success in other industries. They can be done separately, but they synergize with each other; meaning, if you do both you will get much better results, like double digit growth.

NUMBER ONE STRATEGY FOR MORE SALES: A Different Sales Force

Spend more to get leads. Pay higher commissions so you can get better sales people who stay longer. And, spend more on marketing and promoting your club every day, every month all year long. Here is the reasoning behind this strategy. Some positions in your club can drive performance much, much more than others. Double the performance of the cleaning or accounting department, and you will see little improvement in your club's performance. Double the performance of the sales team, and the impact is dramatic! Several other industries have identified such critical positions and have experimented

with methods of differentially treating those positions, and they have produced excellent improvements. This is called strategic staffing differentiation (for more on this see *A Players or Positions* by Huselid, Beatty and Becker: Harvard Business Review Dec. 2005. Full article on line at www.hbr.com).

DETAILS OF STRATEGIC STAFFING DIFFERENTIATION

Here is what they did:

1. Manage the recruiting pipeline to get much higher quality people.

2. Give them much better training throughout the year and up to four weeks total in a year.

3. Provide much better rewards so they might earn two

to three times more than usual. In a chain of six clubs, where one inadvertently did this, they saw that location (its lowest performing one) become their highest performer in six months.

This is a specific, out of the box, approach. Other clubs have not done it. If you did, you would be a leader! And, you'd become significantly differentiated in a way that is very hard to copy because it is new and scary. This strategy does not mean pay a poor sales person more and you'll get a better sales person. It says you will have to recruit an entirely new type of sales person; one with higher drive, more relationship skills and a higher ability to sell without using a script! The largest barrier may be that clubs have a reputation for (See *Will Phillips - 125 Page 14*)

...Chuck Leve

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he led membership sales, booth sales, ad sales, and sponsorship sales. In each area, he surpassed everyone's expectations. Plus, he helped develop many of IHRSA's current superstars, leaders such as Michele Eynon, Tom Hunt, and Lynne Fussteig."

IHRSA's strong personnel assure a smooth transition of Leve's responsibilities, which consist primarily of working with key IHRSA Associate Member companies.

IHRSA veterans Fussteig (sponsorship and promotions), Hunt (exhibit sales), Eynon (advertising and associate memberships), and Alison O'Kane (international development) are fully dedicated to the growth, protection and promotion of the industry. They, along with Hans Muench (IHRSA Europe) and John Holsinger (IHRSA Asia Pacific) will continue to work closely with the industry's manufacturers and supplier companies to help them grow their businesses.

John Aglioloro, Chairman and CEO of Cybex International, a long time IHRSA Associate Member, commented, "Chuck Leve's work with John McCarthy cemented the existence and future of an organization that has changed, is changing, and will continue to change the lives

of millions for the better."

"I've spent the last 27 years helping to build IHRSA and the fitness industry, and it has been a tremendously satisfying run," said Leve. "I hope I've added value for all the people and companies with whom I've worked, and I know my customers will be in good hands with the tremendous IHRSA staff and will continue reaping the rewards IHRSA brings them. I'd also like to thank John McCarthy for his 25 years of leadership and inspiration, and Joe Moore for making this transition possible. The Consumer Fitness Association will provide benefits and services to healthy lifestyle consumers and will be complementary to IHRSA."

Leve, 59, was IHRSA's first employee in 1981, serving as its national sales director. Throughout the years, he held positions of increasing responsibility in sales and marketing, and sponsorship and promotions. Most recently, he was vice president of business development, working primarily with leading fitness manufacturers and suppliers. His decision to launch his Consumer Fitness Association starts another chapter in his long and successful fitness industry career, beginning with the U.S. Racquetball Association and National Court Clubs Association in the 1970s and continuing through IHRSA.

A Letter From Royle Berry - Veteran Club Business Consultant -

August 8, 2008

Good afternoon Norm! Hope all is well...

I've been sending the email below to various club owners which has appeared to have touched a nerve...

Take care,
Royle Berry

Email From Royle Berry:

Good afternoon!

After 20+ years managing only IHRSA-Member Clubs, I'm confused as to how our industry will reach 120 million members by 2010. Does that mean putting a 24/7 key club on every corner or increasing membership bases at existing clubs or both? Based on our industry's standard membership recruiting approach, I'm very skeptical...

If our industry has done anything well, it has been attracting those who LIKE to exercise – and – SCARE off those who don't.

For me, I'm tired of trading members amongst my competitors. In fact, for the past several years, I've committed my energies on the 85% of households who DON'T have a club membership. The sad part for me is club owners that I've worked for in Austin, Dallas, Seattle, Atlanta, Pensacola, Chicago and Baton Rouge aren't interested in that 85% of the market. As a club industry employee who is dedicated to: 1] Doing worthwhile work, 2] Doing purposeful work, and 3] Making a difference, club owners don't get it – it's that simple.

So, I keep searching for a club owner who wants to break away from all the rest and do something special. If you know of such an owner or developer, please refer them to me. I have the answer which is right in front of everyone's face!

Thanks,
Royle Berry
20+ Year Club Industry Veteran
royleb@clubsales.net
708-334-2698

Dear Royle,

Very nice to hear from you. Thought your comments were interesting, so I have decided to share them with our readers this month.

Best wishes,
Norm

Where Does Your Team Need Help?

By: Ray Gordon

Business evolves constantly. Economies change. Business strategies and tactics need to evolve and change, too.

This means you constantly need to be monitoring your staff expertise. To ignore this fundamental truth puts your business in jeopardy, especially in today's hyper competitive times.

New team members may not be as comfortable with the subject matter as necessary to achieve their goals.

Long-standing team members may have forgotten a lot of the basics and may be in need of some advanced learning. There are at least four areas that probably need updating right now:

What's your story?

When was the last time you heard your people tell your story? You know, give the pitch, the *unique selling proposition*. How about the history of your business and what makes your club special? The values your company embraces and why

people should prefer to do business with you? What do you deliver to your members better than your competition?

What's new?

Is there a new product that needs promoting? Is there a more profitable product or service that needs aggressive focus? If so, how about having a refresher course on the features and benefits? And remember, it is the *customer benefits* that are the most important.

Are you up to date?

Are there dimensions of the industry, product or individual functions that require updating? Would a session or two in the proper usage of a new software program or making a proper sales presentation be a timely investment? Can your staff professionally and convincingly explain the benefits of personal training, group exercise or nutrition?

Our skills can easily become outdated with the fast

pace of new health and fitness research, therefore training of a technical and practical nature can be very beneficial.

Are you for real?

Above all, don't forget ethics training. When there is uncertainty and pressure to perform, everyone can be easily tempted to cut corners, bend the rules and out and out do very bad things in order to achieve. Is the membership staff motivating club usage to new members consistently and in a manner that is needed to create "raving" fans? A reminder of your company's values and parameters for decision-making and conduct is an important component to any successful business' on-going training initiatives.

Is it time for training?

Do your people have the most current skills to compete in a crowded marketplace and to grow? Take an audit of who knows what and who needs what. Considering the level of

experience and talent needed (e.g. front desk, membership staff, service personal, maintenance, etc.) will help you focus on the right credentials when seeking staff to represent your club. Decide if there is someone internally who has ability and desire to train. Both are important-and both are rare.

About the trainer...

If you must look outside the company for professionals, establish a budget in advance so you don't end up wasting your time over price disparities. There are two ways to establish a budget: decide how much you're willing to invest and hope it's enough, or ask for budget ideas from outside professionals. Also, ask for references from your professional network of other club owners and managers. Interview the professionals to determine if training is a full-time focus or add-on business, and compare that to your evaluation criteria.

When it comes to essential training or advanced staff development, I must finish with the proverbial bad news/



Ray Gordon

good news: The bad news is your competition is reading this article and thinking about acting on it. The good news is: you can, too.

(Ray Gordon is the founder of Sales Makers "membership specialists". Ray's 29 years of extensive experience allows both new and experienced membership staff to improve their skills. Thousands of membership staff have used his unique training techniques and membership responsibilities to bring real pride and results to their job. Contact Ray with any questions or comments at: ray@salesmakers.com or 239-823-3769)

Are you finding it harder to sell in today's economy?

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Sales Makers is an international marketing and sales training consulting firm which has worked with over 1100 clubs world wide since 1979. Clients have experienced an average 12-36% increase in sales in the past five years.

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sales Makers
 "Membership Specialists Since 1979"

Ray Gordon
ray@salesmakers.com

Fitness First Australia Founder, Tony deLeede Steps Aside... *New CEO Appointed*

Tony deLeede, the founder of Fitness First Australia, has announced that he is stepping aside from his CEO role.

After eight years of leading Fitness First's growth to 83 clubs nationally and an annual turnover estimated at \$350 million, Mr. deLeede has announced he will hand over the day to day operations of the business.

Mr. deLeede will remain involved in the business as Chairman of the Australian group and will also retain his position on the Fitness First Global Board and be involved in other global initiatives.

"Having just turned 55,

and after nearly 30 years in the business in both the US and Australia growing successful fitness companies, I have decided it is time to step aside and slow down a little and make sure I keep practicing what I've preached for all these years," said Mr. deLeede.

DeLeede and Fitness First plc (a UK based plc) took up the bankrupt Healthland group from 11 clubs in 2000 and turned it into the global Fitness First brand. Fitness First has clubs in 18 countries around the world and, with a total of 560 clubs, is the largest global health club operator. Fitness First Australia is

the most profitable region in the worldwide network.

Peter Stirling Benson has been appointed as CEO Fitness First Australia, effective September 1, 2008. Mr. Stirling Benson moved to Australia in 1989 as Business Manager for British Airways, based in Sydney. In the mid-nineties, he took up his first CEO role at General Entertainment Channel TVI, coinciding with the launch of pay television in Australia. He then returned to the travel industry as General Manager of Galileo, the market leader in providing electronic distribution services to the

industry's travel agency network. This subsequently led to being appointed CEO of Ticketek, leading the company through a major investment and transformation program over a period of five years. He holds a Combined Honours Degree from University College London and an MBA from the London Business School.

"Peter has tried and tested business experience in the Australian marketplace, as well as a passion for developing successful service businesses which will ensure the continued growth of Fitness First," said Mr. deLeede.



Tony deLeede

...IHRSA Mid-Year continued from page 3

for 24 months or more), and in many cases, have reached membership capacity and are not growing at the same rate as they did during their start-up phase. Another possible factor might be that so many of the new facilities, which opened from 2000-2004 have been express circuit facilities, which typically have less than 2,500 square feet. This type of facility has added to the overall number of health clubs in the country, but do not add a large amount of new members due to their limited interior club size. We estimate that the average express facility serves a range of 200-300 individual members, while a large, full-service facility provides services for 3,000-3,500+ members. Combine these factors with general population moving rates, personal exercise adherence challenges, and a number of isolated markets that have a lot of competition, it is possible that consumers are taking a breath before they get back into the fitness movement.

What is the consumer demand for exercise and health club membership?

First, we need to address the issue of physical activity and the role it plays in Americans' lives. Studies have recently indicated that the amount of exercise Americans get has not changed in the past 20 years. From 2003 to 2007, the Bureau of Labor Statistics (BLS) has reported that Americans spend an average of 5.1 hours on leisure-related activities, 0.32 hours on sports, exercise, or recreation, 2.62 hours on watching TV,

and 0.73 hours socializing and communicating... (per week). It is hard to say exactly why Americans don't exercise more. Some common reasons include lack of time, poor support from family and friends and no direct involvement from the medical community. However, almost daily, Americans are informed about the health benefits of exercise and the positive impacts it can have on longevity of life, quality of life, and in some cases, reverse the negative effects of some diseases. Exercising at a health club can prevent, alleviate and decrease physical ailments. The challenge is for health club operators to create programs and better educate the consumer about how to fit exercise into their lives.

There is still a demand for health club membership, by the fact that 26% of the total number of members are new health club members, i.e. members for less than a year at the present club, a percentage that has held steady over the years. Additionally, 33% of all health club patrons are non-members, i.e. people who visit and use a club, but have yet to join.

Additionally, health club members average 90 days of exercising at a club. This statistic increases with age, 55+ year old members average 97 days of exercising at a health club per year. Forty percent of health club members log 100+ days per year. These 'core members' get to the club at least 2 times per week. Similar to grocery store shopping behavior/visits, members develop loyalty to their club and will actively go if it is convenient and offers what the consumer wants.

Further research supports

the idea that there is a ready supply of active prospects for health club membership. Americans who are already active are more likely to use a health club to maintain their activity. There are 54.1 million Americans who are frequent fitness participants (100+ days of fitness per year) and 57% are non-club exercisers (exercise outdoors and/or indoors), while 43% are active at a health club (both members and non-members), a percentage nearly identical to that of the previous two years (2006 - 46% and 2005 - 45%). Of these active health club Americans: 32% are members of a health club and 11% are health club patrons (visitors). Most consumers agree that the gym can't be beat for variety of equipment, expert advice, and scheduled workouts.

Any way you look at it, casually active Americans and frequently active Americans are already exercising at health clubs and there is a good number that could be converted into members.

What can we ascertain from economic indicators to forecast whether or not the industry will grow?

Internal industry indicators, as well as external economic indicators, all point in the direction of moderate growth for health club membership and earnings. IHRSA's quarterly financial index indicates that mid-sized companies are faring well during uncertain economic times, while data from the BLS reveals that consumers spend incrementally more on membership dues and fees month-over-month. Additional analysis of BLS unemployment rates demonstrates that as unemployment rates increase, mem-

berships historically hold steady. This trend was observed in the early 1990s and again in the early 2000s.

The IHRSA financial index, a quarterly measurement of 11 operating variables from a small sampling of leading mid-sized club companies, has reported positive growth in total membership accounts for the last five quarters. The most recent report was from fiscal quarter ending March 31, 2008, where companies reported a 9.7% increase in total membership accounts when compared to the previous year's data. Same stores sales revenue posted a 2.9% increase from the previous years' first quarter. Positive same stores growth bodes well for the industry, indicating that even mature locations are still growing.

Since 1999, the Bureau of Labor Statistics collects monthly and tabulates annual consumer pricing data for health club membership dues and fees. Consumers indicated that they are paying 1.5% more for membership dues and fees from 2006 - 2007. On a monthly basis, consumers paid 0.7% more in dues and fees in June 2008 than in May 2008. The only time members indicated a decrease in dues and fees was in February & March 2008, but dues and fees picked up again in April 2008, by 0.6%. The observation that health club consumers are willing to spend incrementally more on their dues each month is encouraging for club operators and indicates that consumers find value in their club usage.

Additionally, the unemployment rate has increased over the past year, and as of June 2008,

was 5.5%; however, the rate is still a long way from the 7.8% figure reached in the early 90's. At that point, membership did not decline; rather it remained stable. When unemployment was under 6.5%, membership grew.

High price, low price: which model has a better chance of riding out uncertain economic times?

Nationally speaking, the majority of members pay less than \$50.00 per month (71% of all members), while only one out of five members (22%) pay more than \$50.00 per month. Price is a serious issue for a majority of consumers, and several club companies have been successful using a low cost-model.

Differentiating from the competition is key to the success for all clubs, but particularly those in the middle to high price ranges. Historically, high-priced clubs appear to have been more recession-resistant operations. These clubs tend to be multipurpose facilities with a more affluent clientele, and much higher average non-dues revenue streams and revenue-per-member ratios. This makes them less dependent upon new membership sales at a time when the industry is seeing national membership numbers flattening.

(Katie Rollauer is IHRSA's Senior Research Manager. Rollauer oversees IHRSA's extensive industry research efforts which include conducting all primary and secondary industry and consumer market research, analyzing industry trends, and preparing industry forecasts in order to help health club operators make good business decisions. She can be reached at khr@ihrsa.org)

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...Norm's NOTES

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conjunction with the **ACE Conference** and the **Medical Wellness Association Conferences**. Many other great speakers, including **CLUB INSIDER Contributing Author, DONNA KRECH**, the Founder and CEO of **Thin and Healthy Total Solutions**, will present profit-focused messages. I hope to see you in Las Vegas in September! *And, please be sure to visit our advertisers at the National Fitness Trade Show at their exhibits shown on this page.* For information, go to: www.ihrsa.org or www.nationalfitnessradeshow.com

•The always super **Club Industry Conference and Trade Show** will convene in Chicago at **McCormick Place** October 15th through 18th. This event is becoming more and more a national show because the educational content is so good and the Trade Show is always super. So, my son **Justin**, and I, hope to see you at our **Exhibit #1063**, and we urge you to visit our advertisers at their exhibits shown on this page. For information, go to: www.clubindustryshow.com.

•A headline might read: "Former **World Gym International** owner, **MIKE URETZ**, injured playing rich man's game!" My friend Mike suffered a serious injury while playing Polo when he was struck directly in the jaw by a Polo ball that is made of hard plastic and weighs about 1/4 of a pound! Mike now has his mouth wired shut until mid-September! **MIKE GRONDAHL** informed me of

the bad news, and I immediately contacted and wished my friend Mike well and a quick recovery. Mike replied to my "Get Well" wish with this reply, "Polo is a dangerous sport, but the danger has always been outweighed by the fun. I am going to now revisit my thinking. My wife and my 4 boys all play, and they have become really great players. Maybe I'll retire and become the family coach." **Right on, Mike! GET WELL!**

•**TIM RICHARDS**, the philanthropist and Founder of **The Orchard Hills Athletic Club** in Lancaster, MA, wrote an email to **JOHN McCARTHY** and me last week saying:

"Wow! John and Norm, I wrote to you last May about this, and both of you said you weren't aware of anything yet being done by the fitness equipment makers but would be on the watch for it. This article says that it is being done, and that it is popular... in Asia. As I originally wrote, I feel the concept of energy producing cardiovascular spin bikes, treadmills, steppers, ellipticals, etc. could have an enormous appeal to a significant portion of our existing and potential members. I also wrote that as a practical matter, I doubt it would really save much on energy bills... but, this article seems to be saying I'm wrong on that. -Tim

Folks, check out the article Tim was referring to entitled, "**Are We Fedded for a Human-Powered Future?**" on Page 30.

•**JOE HOLLINGSWORTH** cri-

tiques **National Fitness'** settlement with **Court South** members in a July 26th interview by the **Knoxville News Sentinel** reporter **LARISSA BRASS**. Four Knoxville-area Court South locations were bought from Hollingsworth by **JOHN** and **HELEN CAPTAIN** in 2005. Over a year ago, a group of Court South members joined in a class action lawsuit protesting the fact that the Captains, also owners of several **National Fitness Centers** in the area, were not honoring their Court South membership contracts. Hollingsworth joined in the class action against the Captains. In June, Knoxville **Chancellor DARYL R. FANSLER** gave a preliminary O.K. to a settlement arrangement where qualifying class action members would be granted certain special contract provisions, provisions that ultimately would require significantly higher payments for renewals than these folks had in their original Court South membership agreements. Joe Hollingsworth, of the Clinton, Tennessee-based **Hollingsworth Companies** has now weighed in... saying in a statement, according to KNS' Larissa Brass, "Hollingsworth said he wished to respond to "several misleading or incorrect factual statements concerning the entire matter." He continued in Brass' report, "During our sale contract negotiations in 2005, the one stipulation that we were adamant on was that all the memberships had to be honored as we had honored them in the previous 12 years of owning Court South."

Additionally, Hollingsworth called the preliminary settlement "a very unfair proposal" that he does not support "because it does not reflect Mr. Captain's obligations to these 'lifetime' members that exist under the contract for the sale of the clubs."

The Captain's company, **Court South Centres, LLC.**, has filed a cross claim for fraud against Hollingsworth that is not part of the class action dispute. **Stay tuned** as a hearing on the class action settlement is scheduled for August 25th. Thanks to my friend in Knoxville for the info.

•A **CEO War** has broken out between **24 Hour Fitness** and **Bally Total Fitness**. As reported in **CLUB INSIDER** last month, Bally has hired **MIKE SHEEHAN** to be its new **CEO**. Allegedly, Sheehan had a 2-year non-compete clause in his severance agreement with 24 Hour Fitness. So, according to **Fitness Business Pro's Newsbeat**, dated July 21st, 24 Hour Fitness has sued Bally for "illegally hiring new **CEO Michael Sheehan** away from 24 Hour to gain access to trade secrets." **Stay tuned!**

•**MICHAEL McDONALD**, Regional Fitness Director of **World Health Club - Calgary**, has been named the recipient of the **3rd Annual John McCarthy Merit Scholarship** and attended **IHRSA's Institute for Professional Club Management** with a full tuition and \$500 travel stipend scholarship. Established in 2006 through donations from industry founders and friends, the scholarship is awarded annually and provides full tuition and a \$500 travel stipend to **IHRSA's Institute for Professional Club Management**. **Congrats Mike!**

•Former **CLUB INSIDER** cover subject, **COLIN MILNER**, the **Founder** and **CEO** of the **International Council On Active Aging** sent the following email to me, and I hope you will participate in these surveys by contacting him:

Hi Norm,

As the active-aging industry

advances, there are many questions about trends, our workforce and business practices. These are the most frequent questions received at the International Council on Active Aging's office. To achieve ICAA's mission of leading the active-aging industry, we will be conducting three major market research surveys this year:

- Salary and benefits - August
- Buying trends and practices - September
- Hiring practices and projections - October.

I realize that three surveys is a lot; however, this information will enable ICAA to provide objective and well-founded answers to the industry's questions. These surveys will be conducted online, the entries will be completely and strictly confidential, and the results will be reported only in aggregate to show industry trends. **Every person who completes the surveys will receive a summary report of the results in recognition of this important contribution.** ICAA organizational members will have access to detailed reports as part of their membership benefits. As we work together to advance active aging, providing the opportunities for older adults to experience life fully regardless of age, these market surveys will ground and direct our efforts. Thank you for your participation. Yours truly,

Colin Milner
 CEO
 International Council
 on Active Aging
colinmilner@icaa.cc
 866-335-9777

•Company reports say that **Nautilus** had a 2nd quarter 2008 net loss of \$8.9 million, compared (See Norm's NOTES Page 12)

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...Norm's NOTES
 continued from page 10

to net income of \$1.1 million for the 2nd quarter of 2007. These losses, in my opinion, are partially attributable to the dim view club owners across America have of Nautilus' constant TV commercials for their **BowFlex** and other machines they repeatedly tout as being a much better alternative for fitness than joining a health club! So, I say to the Nautilus folks: "In the commercial club sector, you reap what you sow!"

•The phone rang and a voice from the past was on the line. It was **DEAN KACHEL**, the former owner of **The Quadrangle Athletic Club** in Coral Springs, Florida. Dean, and his wife, **M.J.**, sold the Quad over three years ago for **\$4 million**, and they have been living large ever since. Dean called to inform me that the **About Family Fitness**, originally built by the infamous **BRIAN HOMAN**, had changed hands again. This time, **LA Fitness** acquired the 47,000 square-foot club from the shopping center landlord after it had gone out of business under personal training entrepreneur, **TOM FLYNN**, whose operation

was called **Body Mechanics**. Kachel says the only real changes LA Fitness made was the signage and the removal of the climbing wall. Kachel's former **Quad A.C.** building is, after three years, almost ready to reopen as **The Coral Springs Animal Hospital**.

•**HAROLD MORGAN**, formerly the **Vice President of Human Resources** for **Bally Total Fitness** and **IHRSA Board Member** informed me that he's joined the **IDEX Corporation** as its **Global Vice President of Human Resources**. **Congratulations Harold**, and best wishes in your new role.

•The **American Diabetes Association (ADA)** has applauded Chairman **CHRIS DODD (D-CT)**, the ranking member, **LAMAR ALEXANDER (R-TN)** and members of the **U.S. Senate Subcommittee on Children and Families** for holding a hearing on, "**Childhood Obesity: The Declining Health of America's Next Generation**". Appearing before the Committee was **FRANCINE KAUFMAN, M.D.**, a prominent pediatric endocrinologist, past President of the ADA, and a distinguished professor of **Pediatrics and**

Communication at the University of Southern California. Dr. Kaufman shared compelling information based on her first-hand observations and research as a clinician, about the dangerous rate of childhood obesity cases among children and young adults, and the strong correlation between Type 2 Diabetes and childhood obesity. According to Kaufman, "Children who are overweight, obese and unfit are at increased risk of developing high blood pressure, abnormal lipid levels, inflammation in their blood vessels and higher than normal blood sugar levels. These disorders are precursors of diabetes and adult-onset cardiovascular disease." This brings to mind last month's news where, for the first time, an influential doctors group is recommending that some children as young as 8 be given cholesterol-fighting drugs to ward off future heart problems. It is the strongest guidance ever given on the issue by the **American Academy of Pediatrics**, which released its new guidelines in July. The academy also recommends low-fat milk for 1-year-olds and wider cholesterol testing. **DR. STEPHEN DANIELS**, of the academy's nutrition committee, says the new advice is based on

mounting evidence showing that damage leading to heart disease, the nation's leading killer, begins early in life. It also stems from recent research showing that cholesterol-fighting drugs are generally safe for children, Daniels said.

•The **Downtown Athletic Club** in Miami is approaching its **25th Anniversary** and in a recent memo to members, copied to **CLUB INSIDER**, these words appeared: "**Cleanliness Is Next To Godliness** - Even though equipment at the Club is wiped down twice each day with disinfectant, please wipe down your machines before and after use. Anti-bacterial **Gym Wipes** are located throughout the Club for your convenience."

•**God bless our troops, airmen and seamen** as these brave men and women risk life and limb everyday for all of us in the

Middle-East. God bless their families for the sacrifice they make for all of us. **God bless** the people in the Middle East as they deal with daily death and destruction that continues there. **God bless** the citizens of the new **Republic of Georgia** as they endure the attack by **Russia. God bless** you and your family. **God bless America!**

(Norm Cates, Jr. is a 35-year veteran of the health, racquet and sports club industry. Cates was the Founder and is now celebrating his 15th Anniversary 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 March, 2001, **IHRSA** honored Cates with its **DALE DIBBLE Distinguished Service Award**, one of **IHRSA's** highest honors. Cates may be reached at: **770-850-8506** or email: **Norm@clubinsideronline.com**)

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...Will Phillips - 125

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the sales position being an entry level sales position with high pressure and relatively low (under \$40,000 a year) pay. Differentiating by strategic staffing means you totally redefine the sales position.

HOW TO PAY FOR THIS

How can you afford paying sales people more and spending more on promotion? Consider this example. Having six appointments a day for twenty working days a month yields 120 appointments. With a closing ratio of 60%, that produces 72 sales a month or 864 a year. Each sale at \$45 a month with an average stay of eighteen months equals about \$800 of income. At a rate of 864 new sales a year worth \$800, that top sales person generates close to \$700,000 of new revenue. If your average length of stay was 24 months, the total would be close to one million dollars a year.

Now, how much would you pay to get another million dollars of revenue each year? I am guessing you could pay up to 60% of that and still make a huge profit. Sixty percent of \$648,000 is close to \$400,000 for commission and promotions! Leaving another \$248,000 per sales person of gross profit.

When you start paying really well for sales (say \$100,000 a year per sales person), you will be able to recruit a much higher level and more talented sales person; one who will largely do referral sales, which of course, are the longest lasting members, so

you address the attrition problem, also. The best sales people I know consistently do 70 to 90 sales every month, and when you have great sales people fully occupied with leads, you can now grow the business by adding sales people.

NUMBER TWO STRATEGY FOR MORE SALES: Many more leads

I suggest you review your club's records for the number of prospects walking into your club each month over the last five years. Unless it was great then and remained consistent over the years, you may need a new strategy. Clubs that have invested heavily in their sales process and training are finding that the same level of effort is producing fewer leads and sales. By the way, this is a commonly reported phenomenon in most industries. *We are spending more on marketing and getting less* is a common refrain in retail.

Sales people with modest skills close 40-50% of their prospects. Thus, better training in closing can at best double sales, and adding more sales people to share the trickle of leads won't help much either. On the other hand, if you learn how to generate more leads, you can feed a sales force of four with six appointments a day. If they close only 50%, this enables you to increase sales by three to four times or more.

The responsibility for generating more leads largely rests with management, not sales. Of course sales people play a significant role in lead generation, but they need a track to run on.

This 2-part article will cover 125+ proven ways to generate leads.

HOW TO GENERATE MORE LEADS

First of all, forget home runs. Base hits win games. McKinsey did studies in small businesses in the 70's which showed the top performers in several industries were in the top two percent by focusing on base hits and not home runs. Billy Beane, of the Oakland A's, has proven this adage in the game itself (read *Money Ball: the Art of Winning an Unfair Game* by Michael Lewis for the details on this strategy which has been adopted by the Boston Red Sox and several other professional teams). Here is what base hits mean in the club industry.

THE RIVER BASIN

Think of managing your lead channels as managing a river basin with hundreds of small streams which converge and create a mighty river. Focusing on only a few channels may produce an inadequate flow of leads. Use the following descriptions of over one hundred lead channels, all from real clubs, to select ten new ones for you to focus on, and start managing each channel professionally.

Managing a channel professionally means three things. First, a champion (a key person) is assigned to each channel and takes responsibility for it. This means the champion keeps detailed records of what was done to work the channel, what it cost and the number of leads and sales it produces. This information now becomes the stimulus for improving each channel's performance. This means innovating and experimenting to find out what works better. All of the one hundred plus channels described below, and in Part II, worked for the club that spent time and effort fine tuning them.

Choose which channels to start with based on four factors:

1. Costs.
2. Time to get it in place.
3. Your estimate on the power of the channel for your club.
4. Your ability to create some balance between channels, largely run by an individual sales person and those largely run by the club.

The goal for each sales person at this point might be

to produce 40% of their leads i.e. appointments, through their individual efforts while the club produces the other 60% through inquiries, natural referrals and walk-ins as a result of club promotion and marketing activities. By having a guest register with non-removable, numbered pages, and asking each prospect to indicate if he has an appointment, you can easily see how much individual production is being done by the sales staff. When appointments are low, it indicates that individual sales production of leads is not proactive. Remember that pursuing Sales Strategy Number One will eventually lead to the majority of sales being through sales person referrals.

Experiment until you discover and perfect a few dozen of these channels for your club. Each should produce a trickle of leads. No one channel by itself will be spectacular, but together, you can create a river of leads. Do not abandon a channel just because it is producing low or no leads. Manage it! Learn how to operate that channel better and in a cost efficient manner. Then, when you have enough leads, look for more back up channels to perfect, so that during a dry year, you can tap into them. A professionally managed business will have at least a 15% back-up plan. This is held in reserve for a bad season or a bad year, and then swiftly brought into play as needed.

125 LEAD CHANNELS

These are presented in 21 categories as a stimulus for you to invent more channels in each category and think of new categories! Of course, many of the promotions have links across several categories. Because of the size of this article/list, it will be presented in two issues of **CLUB INSIDER**, Part I this month and Part II in September and will cover these 21 categories:

- Awareness
- Referrals
- Traditional
- Guerilla Marketing By Individual Sales People
- Significant Emotional Events
- Internet
- Medical Niches
- Current Events
- Gambling
- Anniversaries
- Holidays
- Strategic Partnerships
- Corporate Connections

- Community Outreach
- Strategic Stars
- Strategic Niches
- Sales Territories
- Programming
- Unique Promotions
- Public Relations
- Social and Emotional Bonding

I would like to acknowledge the sources of these lead channels: the 100 club executives in REX Roundtables, and from the writings of Rick Caro, Casey Conrad, Jamie Hayes, Justin Tamsett and Karen Woodard.

Category #1 AWARENESS

One theory of lead generation says it happens in two parts. First, the prospect needs Top of the Mind Awareness or TOMA. In other words, the prospect needs to know what your club does, where it's located and maybe something about its price range. They are not yet ready to shop. It is like moving to a new city, where you may not need a dry cleaner or a dentist today, but when you do, you are likely to approach the dry cleaner or dentist you are aware of. The next part is a Significant Emotional Event or SEE that triggers your need for a product or service. I have an important appointment, and my suit needs cleaning, or I have a tooth ache and it hurts! Now, I can SEE the supplier that I have TOMA of.

1. GREAT LOCATION - Locate your club at an intersection of two, multi-lane highways so thousands of motorists see your building every hour. Make your building externally attractive. Consider large glass windows so outsiders can see in.

2. GET A GREAT SIGN - Large and easy to read in a half a second glance as you drive by. Have a sign where you can change offers and information frequently. Maybe a new health tip every day! If your permanent signage is poor, improve it. If you face local signage regulations, seek out the state or regional sign associations. They are interested in helping their members sell signs and may help you get local approvals. Another alternative to poor signage are billboards. More on them below...

3. PORTABLE SIGNS - When your permanent signage is bad, (See *Will Phillips - 125 Page 16*)

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I'm Roy Leedy. My club wasn't making money...but it is now!

I was a plant manager and the company I was working for was not doing well, so I was let go. I wanted to be back in fitness, as I'd been 20 years prior. I'd also had a little involvement with weight loss, so I knew something about that world—and knew the two needed to be intertwined. I began researching and found Thin&Healthy's Total Solution to be cutting edge. They were way ahead of the trend and offered something no other company offered.

I knew the club I was buying hadn't made money in two years. It only did \$240K the year before. I also knew fitness club staff had real trouble staying on the phone.

What are some things you need to be successful? I like the idea of Healthy Foods Education; you're buying your foods at the grocery store. I do not like prepackaged foods that I've seen at some other weight loss programs, because I do not like the word diet. That means you're going to do something short-term then go back to your normal eating habits and gain your weight back, like most Americans do.

When I looked at Thin&Healthy's Total Solution, I saw they had the motivation. I knew no one was talking about motivation, so they were cutting edge. This matched my beliefs, so I elected to research this more.

In our society, everybody is looking for advice or help, and I thought Life Success (the motivational piece of the program) would end up being as big as the weight loss industry. I saw Thin&Healthy's Total Solution as the company that would go out and tell the story and help turn the tide with the obesity rate.

ROY LEEDY
talks about how adding
Thin&Healthy's Total Solution
to his fitness club was an
obvious choice.

When I came to Lima and attended the first meeting, before I was even an owner, I was very excited because I saw a company that had all the training and everything laid out.

I noticed in my club the staff got to be very lazy. No one wanted to do what they were supposed to do, the phone calls and the things that carry the business. Here was a company that had systems in place that were far better than anything I'd ever seen and I worked for fitness companies for years. This company got down to brass tacks and offered systems that, if followed, would lead to success.

My first month as a club owner, we did \$15,000. I started polling people to find out if they were members at any weight-loss facilities. They would say, “Yes, I'm a member at such-and-such.”

“Here was a company that had systems in place that were far better than anything I'd ever seen and I worked for fitness companies for years.”

I started thinking to myself, “These people are going somewhere else and paying for it. Why not join with a company that does it better than anyone else, offer it all under one roof, and bring that money back into our club?” Our second month we brought in some new selectorized equipment, and we added Thin&Healthy's Total Solution, and that month our enrollment skyrocketed to about \$57,000 gross. The next month we ran some ads and did \$126,000. We hit the ground running and haven't stopped since.

In relation to the business model, Thin&Healthy's Total Solution knows the importance of taking stats and understanding them as more than numbers. Stats are tools to train people in their weak areas, such as why they didn't make all their phone calls.

Along with that, I like the morning meetings, the plan for the day. These

systems encourage accountability because people have to answer for their time. You don't have that most places, the accountability at the end of the day. Even the monthly meetings help, because we all know we're going to talk about our numbers from the previous month.

I'm a firm believer in systems and in what Thin&Healthy's Total Solution is doing. I think this is the vehicle that will help turn the nation around. I want to be a part of that so I'm currently looking at a master license for some larger cities, to get involved in a bigger way. I think we can meet the masses and help people keep their weight off.

That's what I see as the biggest difference with this business: we actually teach people how to keep their weight off. Most weight loss systems are set up to get people in the door and lose weight, knowing full well people will regain their weight. I don't want to be part of that.

To all the club owners across our nation who just aren't making money and feel like there is no hope for making money, remember this; with 13% of people that workout regularly, all the clubs are competing for a shrinking market. When I saw that 67% of people want to lose weight, thus meaning our ads reach 80% of people, I realized that's where I wanted to put my money because I would get a bigger bang for my buck. When you add weight loss to your fitness center, you will explode with cash flow and new members. This is a no-brainer.

Five years from now this will be commonplace. Clubs will get on the bandwagon and go help the 67% that need to lose weight, or they will fail.

Adding weight loss is a must. You will not succeed in a strictly gym-based business. You have to incorporate weight loss along with Life Success; that will open doors in new arenas in the future. Being part of this company means being cutting edge. I see it as a tidal wave, and you need to get on and ride that wave.

To sum it all up, I enjoy the fact that now I feel I'm helping people's lives.

When we hit that record (of \$126K) I said, “We aren't thinking big enough.” And we're about to do a **\$200K month**.



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consider portable signs that you place on the sidewalk or trailers and cars with signs. Make these classy! The latest promotional trend in several major cities is a semi trailer that is essentially a two-foot-wide and sixty-foot-long lighted sign. The truck simply drives around town all day.

4. TRADITIONAL MEDIA

- This includes TV, radio, newspapers and magazines. These are often expensive, but there are many low cost options. One club offers free memberships to a local radio station in return for daily spots on health and wellness. Much of the content for these is taken from IHRSA email blasts. Another owner has a weekly health and fitness call in radio show for an hour. Drive-time radio can be particularly useful if you have large traffic counts of commuters passing your club.

Many newspapers will accept an ad without a date for its appearance. When they have unsold ad space, they use your ad at steeply discounted rates up to 70%. Have three sized ads ready to go!

5. LOCAL MEDIA - Newspapers and newsletters published by church groups, outdoor groups, hobbyists of all kinds. These are often more carefully read and more highly trusted than the major papers in town. One club owner spent thousands on an ad in the glossy, urban city magazine and got no leads. He then bought a year of monthly ads for \$500 in the Porsche owner's newsletter: *You tuned up your car, how about your body?* A dozen leads came from the first issue.

6. BILLBOARDS - These are a special type of media. They are signs that are huge and not right in front of your club. The best ones can carry powerful and memorable graphic messages. To do this, they must have very, very few words and be instantly understandable. *Got Milk?* Some clubs are finding that billboards which refer people to their web sites work well. For example: two big bellies on each side of the billboard with the words: *Are You Ready?* www.HealthFit.com. You will often see a billboard that is out of date, advertising an event that occurred months ago. Call and see if you can rent space at a special price on that board until it is sold to a big buyer.

7. SCREEN CARS - Several clubs have screened cars with the club name and an offer, and these are less expensive than a billboard. A San Francisco software producer pays employees several hundred dollars a month if they have their car screened. You could do this with all full-time employee cars that are in good shape and saturate your community with moving billboards.

Remember, all the channels above get people ready to act by building awareness.

Category #2 REFERRALS

These are the very best lead sources. They are more carefully chosen, and thus, member loyalty is most heavily improved by better member selection. Some of the guerilla marketing lead channels like PROP AND STOP can generate high sales, but of the wrong type of person; one unlikely to use the club or stay for long. A third party referral is significantly more powerful in creating a lead or making a sale than the company's self promotion. Every club might consider having at least a half a dozen proven referral channels with tried and true offers and sales scripts. Perfecting your referral repertoire so you have six to eight strong channels could drive sales up by dozens each month.

8. POINT-OF-SALE REFERRALS - Starting to exercise means changing habits, and one of the best ways to change a habit is to have support from family, friends and co-workers. Stop selling individual memberships and start selling social clusters. They will have more fun, stay longer and use the club more. A good average is two-and-a-half referrals per sale. Outstanding is nine, on average. Develop a script and attitude that will support social cluster selling by your team.

9. EMERGENCY NUMBERS - Emergency contacts collected at The Point of Sale. This includes E-mails and phone numbers. May we contact these people to confirm the info is correct in our system and tell them you have joined and how they can support your

commitment? If 'yes', contact them to confirm, educate on how to support and invite them to visit the club as the highest form of support.

10. GROUP FITNESS REFERRALS - Have sales people in every Group Fitness Class, as participants in the class. Be sure they attend regularly enough so the class knows them. At the end of the class, they announce an offer for participant's friends: Free TRY A CLASS passes. In one club with 50% of the users in group fitness classes, 55% of all sales come from GF referrals.

11. RAFFLE REFERRALS - Raffle a BIG SCREEN TV, a PRIUS, a HUGE BARBEQUE GRILL, a \$1,000 BIKE, SKI EQUIPMENT or a KAYAK four times a year. Give us the names of three prospects. Every three gets you another raffle ticket, and you don't have to be here to win.

12. PHYSICIAN REFERRALS - May we inform your doctor that you have joined? May we keep your doctor posted on your progress? Of course, you must follow up regularly with the doctor. Later, we visit your doctor with information. And, leave a prescription pad for exercise.

13. STAFF'S DOCTORS - Create a packet for your staff to give to their doctors, dentists, chiropractors, x-ray technicians, etc. Small and elegant-something you'd be proud to give to your doctor. With a great health care offer: We are both committed to helping our community be healthy and well, so visit our club and ...

14. PERSONAL TRAINING (PT) REFERRALS - Prepare an elegant envelope and invitation for personal trainers to give to clients four times a year offering three PT sessions for a friend.

15. AMBASSADORS - Select 10-50 heavy club users who already promote the club informally. Provide special, logoed, high-end jackets, special social events, meetings where they evaluate new programs and equipment. You will need special Ambassador sales materials.

16. STAFF SALE - Every employee can sell memberships for one week to friends and family only. The offer is 50% off our rates for six months. After 6 months, full membership is charged. Goals are set for each department and winners chosen for each. 300 new memberships in one month were the actual results in one club that has 200 full- and part-time employees.

17. MINI FAIR - Hold a monthly two to three-hour mini fair, alternating days and evenings to reach everyone. Solicit six to eight local businesses as an opportunity for them to reach your members. They can set up in the club, give free samples and special discounted offers. The cost of their participation is to invite all their clients to the mini fair with direct mail and in-store posters and to provide a dozen names of either co-workers or friends that might be interested in joining the club. Encourage your members to bring in their friends to the event. The visitors have an active, fun, non-intimidating environment. Your staff can also set up booths and displays on group exercise, nutrition, personal training, etc. Build the energy with strolling musicians, jugglers, etc.

18. POOL PARTIES - One club with a large outdoor pool and a great view rents out the venue to a local promoter every Friday in the Summer for a pool party. The individual promotes the party, sells tickets and provides a band and cash bar. Several hundred people regularly show up. The club has permission for sales staff to circulate and distribute offers and make sales. Aside from the revenue of renting the pool, new members are added each Friday.

Category #3 TRADITIONAL WAYS TO BUILD NET MEMBERSHIP

19. FORMER MEMBERS - Provide a "no-joining fee" amnesty four times a year. For a club with 2,000 members at 50% attrition, 1,000 former members a year are created. After 10 years, you have 10,000 former members as a pool to market to. Each sales person contacts thirty

in the morning and thirty in the afternoon... forever!

20. BE BACKS - Always collect mailing addresses, phone numbers and email addresses on every guest visit. Have an accurate follow-up system that begins on the day they miss with an alternative offer.

21. EXITING MEMBERS - Thank them before they leave!!! Assume: Their goal now has not changed from when they joined AND the club failed! Ask Why? Why? Why? Learn to probe for the real reason(s) for their membership cancellation. Learn why they are leaving and fix the reasons!

Have 5 or 6 alternative offers ready to provide if they will stay. Offers such as: 3 free PT sessions, 3 free months, selling their membership at a discount to a friend, and at home membership: \$9/mo, 1 pass/mo, etc., and finally give them a \$250 check to discount their membership when they rejoin. Skilled Exit Managers save about 30+% of exiting members.

22. DIRECT MAIL - Send out 5,000 direct mail cards each month on a consistent basis. The key is consistency. A new Planet Fitness owner reported that his direct mail went out and was received on a Friday and that fifty sales were consistently made the next Monday, Tuesday and Wednesday. Then, he discovered, the mail was going to the wrong Zip Codes and even that worked!

23. AD CARDS - Every month, distribute 5,000 ad cards through bag stuffers, apartment complex newsletters, and business-to-business relationships. Have your staff do the distribution. It will be done better than a service.

24. GRAND RE-OPENINGS - Every time an improvement occurs (new paint, new equipment), make a big deal of it! Close the club one day and have a Grand Re-opening the next day with a sale and ancillary promo. Include music and food. Plan for at least one or two such Grand Re-openings a year!

25. NO ENROLLMENT FEE FIRST DAY OF EVERY QUARTER - Offer a no enrollment fee membership once a quarter. This offer should have no date flexibility or carry-over (See Will Phillips - 125 Page 18)



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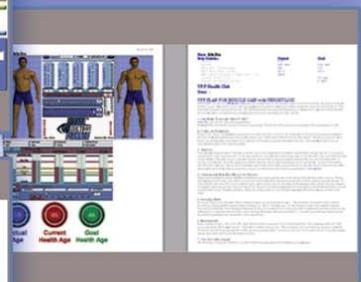
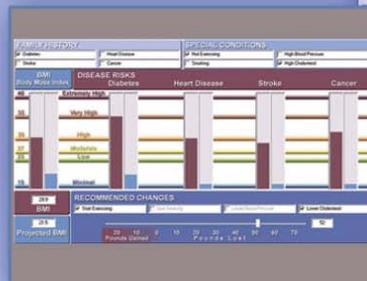
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dates. On New Year's Day, use a Post-It on the front page of the newspaper with your offer. In one group of clubs, their New Year's Day sale is their largest sale day of the year.

Category # 4 GUERRILLA MARKETING BY INDIVIDUAL SALES PEOPLE

26. DOOR HANGER OFFERS - Focus on neighborhoods to create some buzz. Offer 5 days for \$5. Offer "Come as a Pair" - 10 days for \$5. Focus on neighborhoods where you already have members. Mention that 24% of the members of this apartment belong to our club or your neighborhood has 47 members of our club. People like

to do what others do!

27. MAGNETIZED WIND SCREEN OFFERS - These are offers similar to a lead box or tear off or door hanger. But, these are placed on windshields or made as refrigerator magnets and stuck on car doors. Some shopping center lot owners do not like you to use these as customers complain and they create trash, but magnet messages are less likely to be thrown away, and they do produce leads!

28. COVER A CAR - If you get free pass magnets, order 1,000 and print a big sign with the word **FREE MAGNETS!** in large type. Put the Free Magnets sign on the windshield or side of your car. Cover your car with the magnets and park your car where people will see it! Stand by and watch

the magnets disappear!

29. LOCAL PUBLICATIONS - Every local publication, newspaper, magazine, Penny Saver, etc. can be assigned to a champion to manage. The champion's job should be to scan issues to identify their needs, events, and other opportunities for contacting prospects. These might be local events where your club can have a kiosk with a wheel to spin with offers.

30. LEAD BOXES - Every sales person should build relationships with potential lead box sites. Dry cleaners, submarine sandwich shops, printers, small retailers, etc. should get passes and/or free-discounted memberships for employees in exchange for permanent placement of a lead box in their store. For example, lead boxes for dry cleaners should have a sign on them saying: "We recommend Atlas Health Club." This can generate 100 sales per salesperson per month, if properly managed.

Where do those likely to be good members already congregate?

- Supplement retailers
- Dry cleaners
- Medical complexes
- Submarine sandwich shops
- Sports equipment stores
- Small retailers
- Beauty salons
- Print shops

Where do people wait in line ?

- ATMs
- Juice Bars
- Sandwich Bars

31. LEAD BOX QUEEN - Not every person is a natural with lead boxes. One club found a college student to work part-time. She was self-scheduled to place lead boxes and collect slips. Her very engaging personality meant she personally managed 200 lead boxes in a few hours a week. She collected slips weekly and built relationships on each visit. She served a local group of six clubs, and it resulted in one hundred sales a month.

One owner has a lead box program in six clubs. There is a central call center located in one location that sets appointments for all clubs. A small staff (2-5 people) is responsible for lead box distribution, lead collection and appointment setting. Appointment reports are faxed to all locations

daily. On average, the lead box program collects 3,500 leads per month. There are approximately 1,200 appointments set every month with 300 shows. Currently, they average 100 sales per month via the program.

An added bonus to this program is that the database of names and numbers continues to grow month over month. During a 12-month period the database will contain over 25,000 leads that may not have set an appointment initially, but can be contacted with various specials throughout the year.

Lead Box Specifics:

1. Each sales staff person should have a lead box territory.

2. Lead boxes should have a professionally printed "face card" saying: "Complete and drop here for a 30-day free trial membership to _____ Club (Note: 30 day offers work best).

3. Each sales staff person should visit the store owner and offer a complimentary club membership to the owner and staff, indicating that the complimentary membership will be valid as long as the merchant keeps the lead box in a prominent place in his store.

4. The form should include space for: name, phone # and email address and request that the person completing the form state what they would like to achieve (In 20 words or less).

5. Your sales staff person should visit the lead box location every three days and call all entries immediately.

6. If your first call doesn't generate an appointment, then offer to put them on club newsletter email list.

7. Be sure a pen is attached with string to the lead box.

8. Leave at least two pads of forms by the box.

9. Have your name and number on the back of the box: "Call John at: _____ if pad is empty."

10. Don't forget to WORK the box at least every three days!

-Lead box management tips courtesy of Jamie Hayes.

32. TEAR OFFS - Use the same distribution approach as you use for lead boxes, but a different look. Start with a really nice poster focusing on the prospect's needs (One more poster of a sea of equipment is not a very unique

way to sell your club). Provide five tear offs per poster, little business card size tear-offs... attached along the bottom of the poster. Produce each tear off to have a different offer. For example: a \$10 for 10-day sample or get info online about starting to exercise. This leads them to your website for a free download, or you can provide a coupon for a free assessment of what exercise will best suit the prospect.

33. PROP AND STOP - This is a very aggressive way to get leads, and it is used more in the U.K. than the U.S. These are items imprinted with your club name and contact information and an offer that costs less than a dollar.

Straight forward props: mini Kleenex™ packs, flat magnifiers, sun lotion and mini water bottles.

Special day props: Apple for first day of school, Easter Eggs, Christmas Cookie. Fun props: Condoms, underwear.

Simply use the prop to stop pedestrians at subway stations, movie theater lines, and you may not even have to say a word!

34. MEMBER BIRTHDAYS - Free Personal Training session or a gift for you when you work out on your birthday with a friend.

35. FACEBOOK - Encourage all staff to be on FaceBook or another social network. Reward them for any links that come from their FaceBook site to your website. They can nurture the links by what they say about exercise and the club on their site. This is one place where it is easy to see how Raving Staff can create Raving Members.

Category # 5 SIGNIFICANT EMOTIONAL EVENTS

36. BIRTHS - Simply scan the local list of new-borns in the papers (or birth certificates registered in your city hall) each week. Then, send a congratulatory offer about a month later to the mom and be sure to mention getting back in shape after her child's birth.

37. RETIREMENTS - What better way to attract the 50+ market than to keep your eye on local newspapers and business chronicles for retirement announcements and then follow up with a congratulations card along with (See Will Phillips - 125 Page 20)

We're not just a tanning company. We're fiscal fitness experts.

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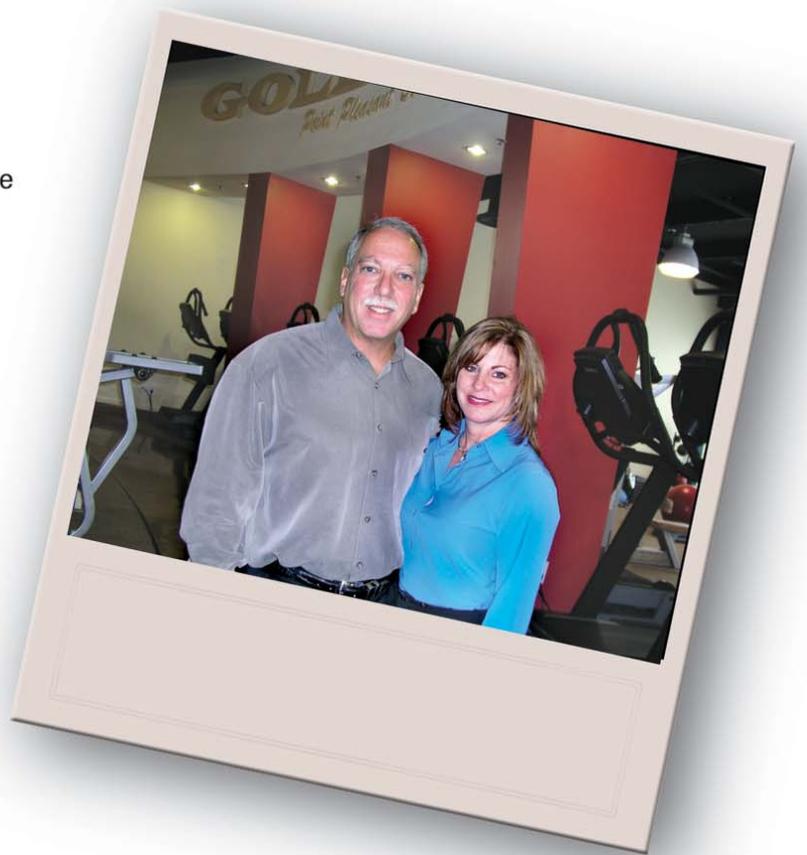
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a one-month trial membership for the new retiree.

38. POST PARTUM DEPRESSION - The exact number of women with depression during pregnancy or within a year after giving birth is unknown, but researchers believe that depression is one of the most common complications during and after pregnancy. Often, depression is not recognized or treated because some normal pregnancy changes cause similar symptoms and are happening at the same time. Normal exhaustion, problems sleeping, stronger emotional reactions and changes in body weight may occur during pregnancy and after pregnancy. But these symptoms may also be signs of depression. We know exercise is a powerful antidote to depression, and every pregnant woman has about a 19-month span when she is at risk for post partum depression. You can identify many pregnant women in your market through baby shower announcements, encouraging your members to share the names of pregnant friends and partnering with baby retail stores, etc.

39. WEDDINGS and ENGAGEMENTS - Establish a Buff Brides Program! Sell your club's program to all in the wedding party. Encourage them to work out as a group. Measure and take before and after photos. Then, collect online kudos. Work through and with wedding consultants and retail wedding stores.

40. PROMOTIONS - Scan all local publications for promotions, especially newsletters from local and major employers. Offer the newly promoted person a special for building resilience, confidence and stress management to handle their new responsibilities.

41. GRADUATIONS - Every high school and college graduate is entering a new phase of life. This is a great time to form new habits --like exercise. USA Today reported that overweight people face a real disadvantage in hiring and promotions. Promote exercise and weight loss as a way to enhance the career opportunities of new graduates. You should be able to easily access lists of graduating seniors in your area.

42. BIRTHS - GRANDPARENTS - Grandchildren are one of the most significant pleasures

available to grandparents. The grandparent relationship is powerful enough that grandparents often make major decisions such as where to live, just so they can be near their grandchildren. If you are a grandparent who is in poor health, so you can't take a walk with a grandchild or lift your grandchild up and give them a hug, there is a great loss and a great motivation to build strength, balance and wellness. This is a wonderful promotion to every grandparent. How do you reach them? Start with your members' grandparents, and then find how to link to families with newborns through hospitals, doctors, and retail baby stores.

43. DIRECT MAIL ON BIRTHDAYS - Purchase birthday lists online for your zip codes. Mail a birthday gift from your club --10 days free for you and a friend! You can have staff hand address (more are opened this way) about 100 a day. That would be 100 x 365 = 36,500 birthdays a year you could reach.

44. FREE PASS - Make sure your website has a strong, clear

offer on its home page. Change it regularly. Have ending dates. Consider one day sales.

45. ONE MONTH TRIAL MEMBERSHIP - Another offer on your web site.

46. FREE DOWNLOAD - of health, nutrition and exercise educational articles from your website..

47. YOU TUBE - There are the hugely successful commercial viral campaigns, such as Blendtec's "Will It Blend?", the brilliant video series on various household objects that are run through a Blendtec blender, including: marbles, batteries and golf balls. They also emailed their customer base and asked for suggestions of things to blend. They were featured on a Today Show segment the Wednesday before Thanksgiving. iVillage Live did a segment on them too. They were interviewed by Newsweek, Playboy Magazine, and the New York Times. Blendtec had a surprisingly low budget. The first five videos ran somewhere between \$50 to \$100, including: buying the domain name, a video camera and some marbles, and few other supplies. Web sales were more than four times greater than in the previous top-selling month. All other channels have seen big increases as well.

Online jewelry retailer **Ice.com** made its first foray into YouTube marketing this year with its "Mr. Cupid" interviews of passers-bys. One product that got some excellent brand recognition and building from being on YouTube was Smirnoff's Raw Tea. Smirnoff produced an uproarious music video called "Tea Party", with preppies rapping.

Another beverage, Mountain Dew, executed a successful YouTube campaign with its videos of jive-talking octogenarian **Sue Teller** offering surprisingly hip advice to young viewers. H & R Block is using YouTube to promote its Tax Cuts software. The **promo** to the "Me & My Super Sweet Refund" contest is the **most linked to** comedy video in the history of YouTube.

You tube guide: Make it fun, poke fun of yourself and your clubs, demo your club's services and equipment, and be real. Watch the best of You Tube and learn what works.

-Thanks to Steven Spencer and his blog for this and the next

channel.

48. SOCIAL NETWORK SITES - The problem with most popular YouTube promotions is that YouTube gets the links and your website usually does not. That's not true of a MySpace marketing campaign, however, because its profile page can link directly to a company's website. Marketers must also know how to take advantage of the social nature of the site to build up friends and to get on user subscription lists. This is new, powerful uncharted territory for clubs.

Category #7 MEDICAL NICHES

Your prospect is already suffering from cancer, diabetes, back pain, etc. Each niche has special programs, knowledge, and experience. Each niche has its own referral sources. Each has national organizations to collaborate with. For example, three studies by the American Cancer Society show regular exercise is related to lower cancer incidence: 30% for breast; 45% colorectal; 50% for ovarian. For each medical niche you will need knowledge, medical community relationships, special programs targeted to that niche, a staff champion (manager), a special flyer, local speakers and member advocates. Each niche lends itself to a separate web presence.

49. PARTICIPATE IN A WEIGHT LOSS EXPERIMENT - A different type of offer that seems to always appeal to some. Run it three to four times a year.

50. ARTHRITIS WEBSITE - Build a home page saturated with arthritis info and offers. This will target your marketing to arthritis users. Link the home page to your main website for information on programs, equipment, location(s), etc. Write or get permission to use a booklet explaining the impact of exercise on arthritis. Offer it as a free download. When someone clicks to download, have them enter their email and zip code. You just generated a lead! Knowing the zip code tells you if it is a lead for your club. Next step is to send a personal email (auto responder can do this automatically) thanking them for taking advantage of the download, asking if they have questions, provide information on a free (See Will Phillips - 125 Page 22)

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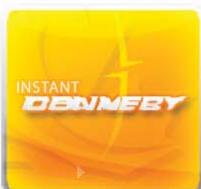
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- ✓ ARE WE A WELLNESS AMBASSADOR WITHIN OUR COMMUNITY?
- ✓ DO WE CONNECT WITH OUR MEMBERS EVERY MONTH IN A COST EFFECTIVE WAY?
- ✓ DO WE CONTINUOUSLY RAISE OUR CLUB'S 'WELLNESS CREDENTIALS'?
- ✓ DO WE PROVIDE OUR TEAM THE RIGHT TOOLS FOR CLOSING THE SALE?
- ✓ DO OUR TRAINERS HAVE THE RIGHT RESOURCES TO BUILD BETTER RELATIONSHIPS?



- ✓ DO OUR SALES STAFF PERSONALLY AND EFFECTIVELY BUILD RELATIONSHIPS, CONVERTING MORE PROSPECTS TO MEMBERS?
- ✓ ARE WE PROVIDING TARGETED OUTREACH, SAVING OUR BUDGET?
- ✓ DO WE HAVE A CUSTOMIZED, PROFESSIONALLY WRITTEN LETTER SERIES FOR EFFECTIVE FOLLOW-UP?
- ✓ DO WE CONTINUOUSLY BUILD BETTER RELATIONSHIPS WITH OUR PROSPECTS?



- ✓ DO WE HAVE AN EFFECTIVE WAY TO COMMUNICATE ANY MESSAGE IMMEDIATELY TO OUR MEMBERS AND MEMBER GROUPS?
- ✓ DO WE HAVE AN EMAIL TEMPLATE DESIGNED EXCLUSIVELY FOR US, ENSURING THE MOST PROFESSIONAL OUTREACH POSSIBLE?



- ✓ ARE THE PERSONAL TRAINERS ON THE FLOOR TRAINING AND GENERATING REVENUE?
- ✓ DO THEY HAVE UP TO DATE, INTERNET BASED TOOLS TO ENSURE SUCCESS?
- ✓ DO WE PROVIDE OUR TRAINERS WITH BRIDGE-BUILDING PROGRAMS AND RESOURCES DESIGNED TO BUILD BETTER RELATIONSHIPS WITH THE ENTIRE MEMBERSHIP BASE?
- ✓ DO WE PROVIDE THE MOST EFFECTIVE INTRODUCTORY PROGRAM TO ENSURE BETTER RETENTION?

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upcoming arthritis and exercise study your club is doing. Collaborate with local arthritis doctors and make sure their office has a special arthritis brochure from you.

51. CANCER RECOVERY WEBSITE - Similar to #44.

52. WEIGHT LOSS WEBSITE - Similar to #44.

53. TYPE II DIABETES - Similar to #44.

54. PHYSICAL THERAPY FOLLOW-UP - Similar to #44.

55. BACK PAIN - Similar to #44.

56. LOW ENERGY - Similar to #44.

57. HIGH BLOOD PRESSURE - Similar to #44.

58. MENOPAUSE - Similar to #44.

59. TRIPS AND FALLS - Similar to #44. Every person over 65 knows the story of friends who tripped, fell, broke a hip and never left the hospital! These can

be reduced dramatically with the right training. Sell *balance*, not *fitness* here.

60. MULTIPLE WEBSITE STRATEGY - Each website should be focused on a particular market niche vs. a cluttered website that tries to appeal to all market niches. Cluttered websites rarely develop strong search engine optimization. Provide information for those contemplating joining and action for those ready to join more and more clubs are exploring online sign up. In the UK, 32% who joined online never visited the club. 42% said online joining was more convenient. 11% were former members. This is full joining online including taking an exercise history, credit card info and explaining all important policies. See www.ValleyLeisure.co.uk for an example.

In Closing

Review these 60 channels for their costs, their potential payoffs and get started with some of them working for you next week and all of them by the end of next year. Slot them into your annual marketing plan and lead generation calendar. Next month, we will cover channels 61 to 125 in Part II. Be disciplined!

(Will Phillips is the Founder of REX

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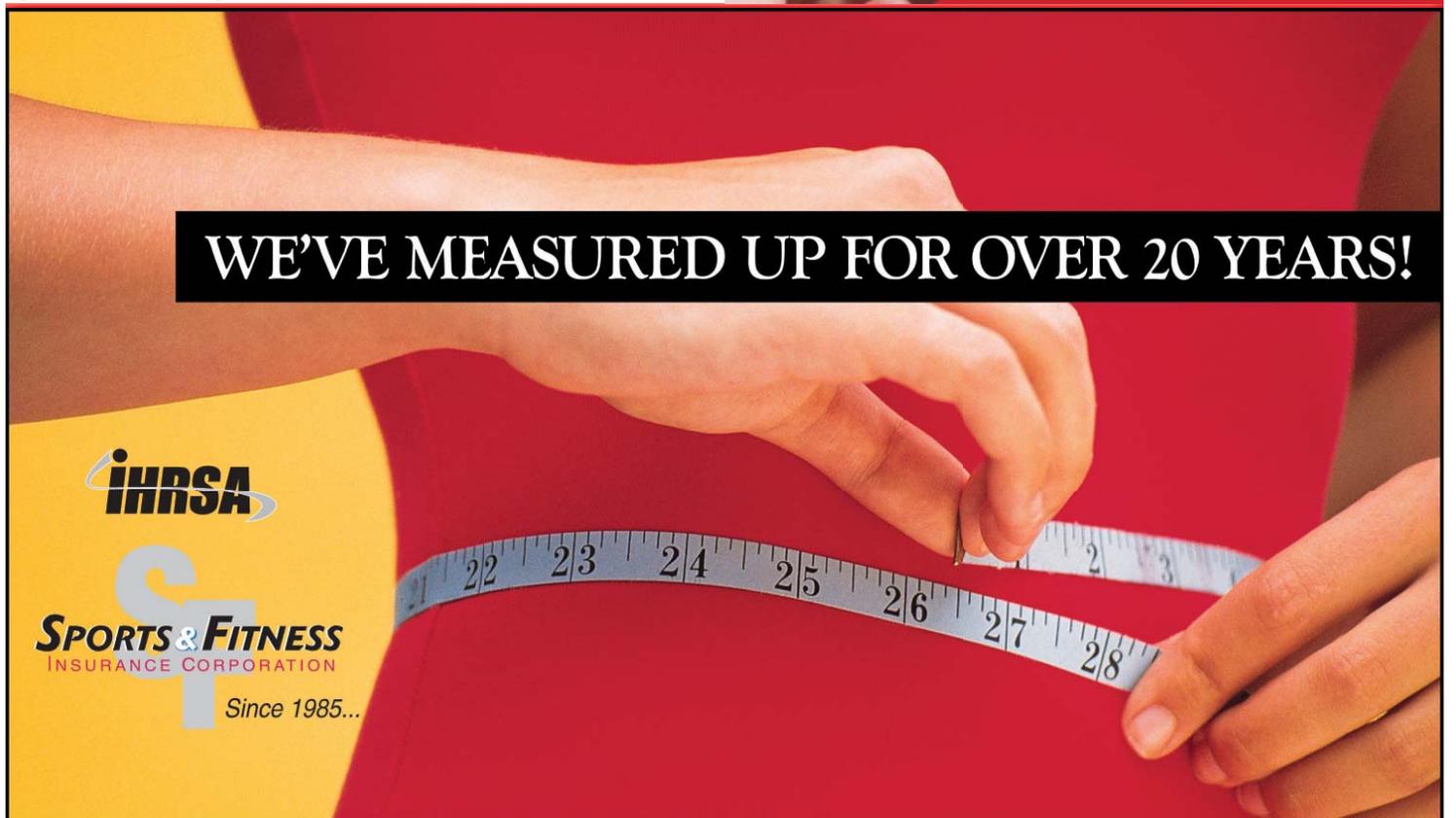


The roundtable challenged me to think in terms of competition, become accountable and create a closeness and high level of trust. Average annual growth 13% a year for 15 years straight ~Bob Provost



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April 23-24 – Seattle, WA

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June 18-19 – Denver, CO

July 30-31 – Baltimore, MD

August 27-28 – Birmingham, AL

September 24-25 – St. Louis, MO

October 22-23 – Stamford, CT

November 12-13 – Austin, TX

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November 6-7 – Phoenix, AZ

*National Fitness Business Alliance reserves the right to change dates and locations as availability dictates. Workshop presenters are subject to change based on workshop subjects and dates.

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The Alaska Club, MVP Sports Clubs

Join Elite and Partner with BTS

Atlanta, GA - Body Training Systems (BTS) is proud to announce recent agreements with The Alaska Club and MVP Sports Clubs to partner in supplying branded Group Fitness programs.

Both The Alaska Club and MVP Sports Clubs are recognized as being the top operators in their markets based on service, commitment to quality, facility design and staff. Each group has committed to running BTS' full group fitness system and becoming BTS Platinum Elite.

Rich Boggs, BTS CEO, said, "We are thrilled to have such well-respected operators choose our team and group fitness system. We are looking forward to really impacting sales, retention and profitability for these already successful organizations."

The Alaska Club operates 17 premier health and fitness clubs in the state of Alaska. Robert Brewster, CEO of The Alaska Club, commented that, "We are planning for strong expansion and see BTS being a valuable relationship that will assist us at being the best we can be." Debbie Cedeno, VPSales & Marketing, added, "We are heavily grounded in systems to run our business and BTS' system fit in well with

ours. Their solution to retention was a key."

MVP Sports Clubs, which owns and operates seven state-of-the-art fitness and sports facilities in Orlando and Michigan, chose BTS because of the strong system and support offered. MVP Sports Clubs VP of Operations Michael Kigin stated, "Rich's team of 70 people and 30 years of industry experience was a key factor for us. We feel our shared philosophies of focusing completely on creating a world-class customer experience are perfectly paired. We are confident that our partnership will greatly enhance our group fitness experience and positively impact retention."

BTS President, Terry W. Browning, added, "Our business ideal is to partner and work with operators that are committed to quality and service to the highest degree. The relationship with management that is developed, which requires trust and respect, was established with both The Alaska Club and MVP Sports Clubs from day one. We have been extremely impressed with both of their management teams and we are honored and excited to begin a long and successful relationship with each."

Town Sports International

Expands Silver Sneakers Program

Town Sports International (TSI) announced in July that it has expanded its partnership with Healthways, Inc., offering the award-winning Healthways SilverSneakers® Fitness Program for active older adults at fifteen more of TSI's New York Sports Clubs (NYSC) locations. The fifteen new locations will join the existing sixteen NYSC locations and six Philadelphia Sports Clubs (PSC) locations that have the SilverSneakers Fitness Program, bringing the total number of TSI clubs offering SilverSneakers to 37.

Started in 1992, SilverSneakers is an innovative exercise program specifically designed to meet Medicare beneficiaries' particular health and physical needs. Eligible members can enjoy specialized non-impact SilverSneakers fitness classes taught by certified SilverSneakers instructors. The classes focus on improving strength, flexibility, balance and coordination. Each participating location has a specially trained Senior Advisor to assist members

in utilizing facility resources and classes. Additionally, SilverSneakers members have access to any one of more than 2,800 participating locations across the country.

"We have continued to expand the SilverSneakers program at TSI because of the overwhelmingly positive feedback and strong attendance," said Matt Daniel, TSI's Vice President of Business Development. "The senior adults that participate truly appreciate the chance to exercise in a safe and comfortable setting, and to make new friends along the way."

"Millions of older adults suffer from chronic illnesses such as heart disease, diabetes, colon cancer and high blood pressure. These can be prevented or improved through regular physical activity," said Healthways Senior Vice President Steve Lindstrom. "We are excited that through our continued partnership with TSI, we can reach even more older adults, giving them a convenient way to stay physically healthy and have fun."

ALS Fight Intensifies!

Cambridge, MA and Irvine, CA - July 29, 2008 - ALS Therapy Development Institute (ALS TDI) and California Stem Cell, Inc. (CSC) announced today a new collaboration aimed at advancing any potential application of stem cells in treating ALS - amyotrophic lateral sclerosis, commonly known as Lou Gehrig's disease. The new set of experiments will begin in August 2008 and continue through the end of 2009. This effort is the latest in the two groups' on-going partnership to understand

how stem cells, and their derivatives, may be used as part of a therapeutic strategy to treat or cure the fatal neurodegenerative disease.

"It is no mystery to us in the ALS community that stem cells should be looked at and considered by researchers. The work we are doing together with California Stem Cell will help to make sure that we are leaving no stone unturned in our mission to discover and develop an effective treat-

(See ALS Page 25)

...ALS

continued from page 24

ment that will slow or stop ALS," said Sean Scott, president of ALS TDI.

ALS is a neurodegenerative disease resulting in progressive paralysis and is considered fatal. The disease strikes typically without an identifiable cause, indiscriminately affecting a new family in the United States every 90 minutes. That incidence rate is similar to that of multiple sclerosis, but the typical survival prognosis given to a new ALS patient is only 2-5 years from their date of diagnosis. Currently, there is no known cure for ALS and only one FDA-approved drug, with marginal efficacy, for treating the disease.

"ALS TDI is a natural partner. Their expertise in pre-clinical research focused on ALS is unparalleled. With ALS TDI, we have access to a dedicated and passionate group of experts that can help to fully understand how stem cell derived products may play a role in a potential therapeutic for this horrible disease," said Chris Airriess, chief operating officer for California Stem Cell, Inc.

California Stem Cell recently presented the findings from the two groups' previous collaboration during the International Society for Stem Cell Research annual meeting June 11th in Philadelphia. In that experiment, the two groups worked together to design and execute experiments aimed at transplanting high purity motor neurons developed and manufactured by CSC, into the spinal cords of mice with neuronal loss at ALS TDI.

The collaborations between ALS TDI and CSC are funded in part through a major, three-year, \$18 million funding and scientific partnership ALS TDI entered into at the beginning of 2007 with the Muscular Dystrophy Association (MDA) and its Augie's Quest Initiative.

About the ALS Therapy Development Institute

The ALS Therapy Development Institute (ALS TDI) (www.als.net), based in Cambridge, Mass., operates the world's largest research and development program focused exclusively on ALS. At ALS TDI, a staff of over 30 scientists and research technicians work on behalf of ALS

patients to discover and advance novel therapeutics for treating and ultimately curing ALS. The nonprofit biotechnology institute excels in identifying novel disease targets, discovering compounds that may act against these targets,

and screening potential treatments for clinical development.

About Augie's Quest

Fitness pioneer Augie Nieto started Augie's Quest in

conjunction with MDA's ALS Division. Nieto is co-founder and former president of Life Fitness of Chicago, and chairman of Octane Fitness. He and his wife, Lynne, serve as co-chairpersons of MDA's ALS Division. Nieto received a

diagnosis of ALS in March 2005.
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"What It Takes To Be #1" In Customer Service

By: Jeffrey Keller, M.S., M.B.A.

In 1969, Vince Lombardi gave his famous speech "What It Takes to Be #1". The speech, intended for an audience of rabid football fans, has transcended sports and become a philosophy for life. In his speech, he focused on the qualities he felt were essential for success on the playing field. Success, he felt, was not just winning, but competing with maximum effort each and every time an athlete stepped on the field. He believed in commitment, truth, excellence and passion. Most of all, he believed in effort. Walking off the field with an ounce of energy still left in an athlete's body was not, by his terms, winning. This philosophy is the hallmark of companies with exemplary customer service.

Here are the qualities he spoke of and how they relate to health club customer service. These are the qualities that must be seen by staff from the top. No amount of employee training will be successful if staff do not see their leaders exhibiting these qualities. Read it. Learn it. Live it. And, deliver the highest level of customer service any club member has ever seen.

Commitment

Lombardi said: "Winning is not a sometime thing, it is an all the time thing. You don't do things right once in a while, you do them right all the time."

Jeff's Take: "Being recognized as the pinnacle of customer service doesn't happen without committing to being good all the time. The last action you make is how you're remembered."

Employees have to be committed to providing the best service possible. The best way to achieve this is to have total organizational involvement from the top down. In small clubs, this means that the General Manager or owner needs to be visible to employees every day and willing to work side-by-side with them to reach the club's goals. In larger clubs, being a part of the daily chores may not be possible for a GM or owner. But, a willingness to be there, and actively working so other employees can see they are not the only ones working, is essential for commitment.

Truth

Lombardi said: "Truth is knowing that your character is shaped by your everyday choices."

Jeff's Take: "You are your actions. Excellent customer service comes from leading by example, not just telling people what to do."

"Everyday choices" require consistency. Inconsistency is a sure fire way to undermine commitment and derail any semblance of customer service. However, maintaining consistency is very difficult in the face of a barrage of dilemmas that managers and owners see every day. The temptation to take the easy way out and make decisions that appease the individual complaining can have serious repercussions. The individual complaining may now be happy, but what did that decision say to those who witnessed it? Keep this in mind with every decision made. You don't want staff thinking they can

be slack, just because they saw another employee do it and you let them get away with it.

Excellence

Lombardi said: "Excellence must be pursued. It must be wooed with all of one's might and every effort we have."

Jeff's Take: "Nothing comes easy. Excellent customer service takes hard work, so don't expect it to happen overnight and don't expect it to continue without a lot of effort."

Effort is more than just trying hard. Effort comes from planning and attention. Plenty of employees want to do well, but without guidance, they lose their focus. Clubs with high-end customer service create training for their employees. They school their employees on expectations and then management follows up... daily. This is true maximum effort, and without planning and attention, great customer service is not just a lot of effort, it's impossible.

Results

Lombardi said: "Winning is not everything --but making the effort is."

Jeff's Take: "Those who put in the effort required of excellent customer service, usually provide excellent customer service."

So many clubs put the cart before the horse and set out to win without the focus on the effort to win. Because of this, the focus becomes the end result and not the people who are achieving it. Employees who routinely see this become disengaged and

begin to feel that what they do has less importance than the final result. This creates an atmosphere where employees function apathetically and customer service slides rapidly. Make sure employees are rewarded and praised for consistently making the appropriate effort, not just achieving end results.

Passion

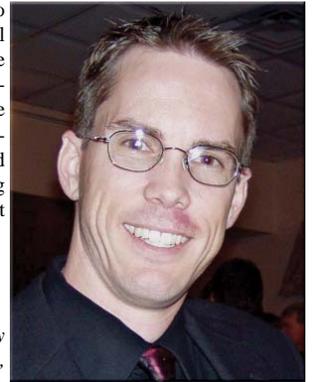
Lombardi said: "There is only one way to succeed at anything, and that is to give it everything."

Jeff's Take: "Excellent customer service comes easy to the passionate. Loving what you do makes customer service much less effort."

It's no mistake that successful businesses deliberately look for passionate individuals to hire. These individuals consistently provide excellent customer service almost effortlessly because they willingly give everything to what they do. Closely examine those who are the "front line" for your club and make sure they are as passionate as possible. Additionally, try to feed this passion daily by motivating and inspiring these employees by any means necessary. This passion translates into better member attendance, and members who attend regularly, achieve their goals and goal achievement creates member loyalty and improved member retention. Passionate employees equal a better bottom line. It's that simple.

The BIG TAKE HOME MESSAGE is that being excellent in customer service requires the same qualities that being a professional athlete requires. But, just as a professional athlete needs a coach to stay at the top of his sport, employees need managers and executives who keep them focused. Absentee managers, or managers who lock themselves in their offices, are a distinct sign that a club will struggle with customer service, probably sooner than later. To combat the absentee manager syndrome, walk through your club multiple times daily and follow these five simple rules:

1. Choose your staff wisely.
2. Train your staff to meet your expectations.
3. Observe your staff in action regularly, and let them see you observing them.



Jeffrey Keller, M.S., M.B.A.

4. Provide them feedback consistently.
5. Inspire their passion on a daily basis.

I can make one promise to you. If you embody these qualities, search for them in your employees and follow the five simple rules, you will consistently provide the best customer service many members have ever seen. Your club's service will be so good, that you will realize that this is truly the secret to "What It Takes to Be #1".

(Jeffrey Keller is part of a new breed of young visionaries in the health and fitness industry. In January 2007, he founded the Independent Health Club Networking Association (IHCNA) in an effort to bring independent health club owners and managers together and push the industry to the next level in a collaborative way using the web. He currently manages a rapidly growing 60,000 square-foot club East of Houston, Texas, in addition to being President of the IHCNA. He regularly writes for local magazines and newspapers, as well as health and fitness industry publications. But mostly he writes to freely share what works for him so others will share what works for them. He may be reached at: jkeller@montbelvieu.net)

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Economics and Positioning Fitness Facilities

By: Andrea Sobotka

Have you ever had the kind of day where you wondered if you were "in the right business"? There is no doubt that the health and fitness industry as a whole is a demanding service-based business that must constantly strive to be "in" and "popular" and "up to the minute" to survive... or at least, that's what it feels like when you are trying to please everybody in today's economy. The truth of the matter is, you are well-positioned in today's economic market and the future economy. The need to be fit and healthy is never going to go away! The trick is to figure out *who is your target market, what do they want and how are you specifically positioned to meet their needs?*

Several years ago, while very immersed in the financial industry, I read a book called, *The Pig and The Python*, written by David Cork and Susan Lightstone. I quickly followed this one up with *Boom Bust and*

Echo, written by David Foot. Both of these books were written to promote investment strategies to an entire population based on the economic influences over time by a great bulge in the US and Canadian population called "The Baby Boomers" (those born between 1946-1964 in the US, and 1947-1966 in Canada).

Since those books were published, many interesting publications and studies comparing actual market results vs. predicted market results have been published. In that analysis, there were a handful of key accurate predictions, and one of them is very important to you!

Two key industry sectors that these books predicted would rapidly expand due to the demand of this large generation were the health & wellness industry sector and beauty industries. Think about it... what do many of us pray for as we get older? What do we always wish others, especially loved ones? You got it! A long, happy and healthy life,

and the Baby Boomers are not the only generation to jump on the longevity conscious band wagon! This makes your opportunity for success even greater.

The fitness industry is here to stay in a big way because this "bulge" in the population does NOT see themselves as growing "old" and becoming physically dependant on their children. Boomers typically view themselves as quite a bit younger than they really are and will spend a great amount of money, but only a modest amount of time, on cultivating that image of themselves into reality. Boomers want to live long, strong, healthy and beautiful... who is the best person to help them fulfill this goal *naturally*? You, the fitness facility owners and operators, hold all the cards, and if you play them right, you can look forward to a long and prosperous relationship with this generation if you choose that niche.

The "Big Box" concept (along with the newer "Key

Club" models) tend to market to the young adult generations (18 to 35), and they do a great job of this as they have been doing since the 80's. This is not a "high service need" group; they just want to feel they are in the most popular place with easy access, flexible agreement options, trendy trappings, decent equipment... and lots of it... and only occasionally will look (and pay) for extra guidance or services. In saying that, however, child sitting is usually a deciding factor for the 25 to 35 age group. This group also tends to be more transient due to continuing education, job changes, and housing requirements. Due to entry level household incomes, more exposure to fitness facilities through well equipped college/university campuses, and benefiting from their parents' family fitness facility memberships, the young adult group is pretty good at "figuring it out for themselves" in return for lower fees. In fact, our best



Andrea Sobotka

pool of talented employees and professionals for our industry come from this group! This, coupled with tighter budgets, creates a high need for "low service for low price" facilities for this group.

The Baby Boom generation, on the other hand, is a little more difficult to please, but the (See *Positioning Page 30*)

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Are We Heading for a Human-Powered Future?

By: Dan Steel

London, England (CNN) - Would you still watch your favorite television program if you had to cycle for an hour before you could view it?

Couch potatoes will be horrified, but fresh advances in human-powered technology --where users power appliances through their own motion-- could one day see a 'workout-to-watch' scenario become reality. Human power is rapidly gaining in popularity worldwide as businesses seek 'greener' methods of operating.

The profile of the technology is set to receive a further boost this month when a human-powered gym opens in Portland, Oregon, and again in September when the human-powered 'sustainable dance club', Club Watt, opens its doors in Rotterdam, Netherlands.

Human power is already being used to run the 'California Fitness' gym in Hong Kong and to power the recently opened 'Club Surya' in London. Beyond all of this, further concepts have been developed for human-powered 'river gyms' for the waterways of New York.

But, how does your sweat and strain turn into power for lights, music and machines?

The general concept is known as energy harvesting, which simply refers to the

gathering of energy from one source and applying it to power an object. Italian inventor **Lucien Gambarota**, who designed California Fitness's method of storing energy and using it to power lights and music in the gym, told CNN the concept is straightforward.

"One of the oldest types of energy used by people is muscular energy, so this is nothing new," Gambarota said machines, such as exercycles, created a load, used as a counter-force by means of a resistor. "I disconnected the resistor and started storing the energy into a battery... that is then used as power. It was a way to show there can be very simple solutions. It doesn't always have to be high-tech," he said.

Portland's 'green' gym will have spinning bikes connected to wind-generator motors. The users should generate enough electricity to power the gym's music system or run personal DVD players on the machines, the gym's manager Adam Boesel predicts.

While harnessing the energy from people working out at a gym seems logical, utilizing the movement of clubbers at dance clubs is a little more complex.

Two methods have been developed. The first of which is piezoelectricity, used by Club Surya, where crystals in blocks under the dance-floor rub together with the assistance of dancers on the floor. This generates an

electrical charge which is then fed into batteries. The second method, using wheels to generate energy under a slightly moving floor, will be used at the soon-to-be-opened Club Watt. This model involves coils and magnets which move under the dance-floor to create a charge.

Vera Verkooijen, spokeswoman for Sustainable Dance Club, the company which is behind the floor for Club Watt and produces smaller, portable floors, said the human power would be enough to power about 30 percent of the club's requirements.

Verkooijen admitted the first floors were not very efficient and said the designers were already working on new models to improve the amount of energy captured. "This is just the first version. We are willing to take it further," she said.

At Club Surya the power shortfall is made up by solar panels and a wind turbine. Putting the current buzz aside, how far could this human-powered technology develop? And how widely can it be applied?

Verkooijen told CNN she already had some indications of where the technology was heading. "We receive a lot of requests from other companies for people who want to use the floors. We get many of these for bus and train stations --places where there are lots of people."

Lights and display

boards at those spaces could be powered applying the same concept as that being used in Club Watt, she said.

Evert Raaijen, technical director of energy conversion company, Exendis, felt the technology could have a number of different applications. From pedal-powered computers on bicycles, to self-powered soldiers in militaries, Raaijen predicted human power would be developed widely in coming years.

"I think it's a science field which will be one of the future," he said.

Gambarota believed there were ways human power could be brought into practical use in the home. He had generated an idea of using human-powered batteries for television or portable video game consoles. "With so many kids not exercising enough, a battery could be created for these devices so they had to create the energy to use them. The same could be done for television sets. We could have a situation where people have to cycle so they can use it," Gambarota said.

Despite these potential developments, human-power is attracting its share of criticism. Although he shows enthusiasm for the battery project, Gambarota, who now spends much of his time developing micro wind turbines, is skeptical about the future of human-power on a mass-scale.

He raises doubts about

the efficiency of human power and questioned its economic viability. "The average amount of power one person could produce going about normal activities on any given day was about one kilowatt-hour (kWh), which only amounted to about €0.10 worth of electricity," Gambarota said. "It's a very good marketing tool for businesses, but in terms of economics, it does not make sense at all." The main reason it was being used was because companies wanted to "look green, taste green and smell green", he said.

Raaijen, who was consulted on the Sustainable Dance Floor project, agreed that opting for human-powered technology at present was not a financially-based decision. "The project (dance floor) in itself doesn't save a lot of energy. It's more of a statement than anything."

Observing recent trends, the sustained drive for 'green energy' should continue to push human-powered technology forward, and despite the limitations to development, human-powered gyms, dance clubs, and maybe even video game consoles are likely to feature strongly in our immediate future.

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 CNN.Com/Technology



...Positioning

continued from page 28

rewards for doing so are much greater in both *revenues* and *relationships*. The front end of this affluent group of people are just now entering retirement, but most are still in the "gathering" stage of their lives financially (particularly at the younger end of the group) and are still putting kids through school, so they are pressed to devote the majority of their time to prosperous work and what little is left over to family. Thus, they prefer to seek out expert advice and trusting relationships than spend a lot of time researching and experimenting on important things such as their physical health and fitness. Boomers also tend to gravitate towards smaller or more "intimate" settings that offer energetic, as well as relaxing settings. Oh, and easy on the mirrors! For this group... less

is more. You, the facility operator, can offer a wonderful solution to a huge problem for this group --"*What is the most effective use of my time and money to accomplish my goal of physical fitness, good health, delay the visual effects of aging and feel good about the whole thing, all in a nice and non intimidating setting?*" Catering successfully to this population group would include any combination of such features as:

- Personal Training
- Group Training
- Physio/Physical Therapy
- Day Spa Facilities
- Educational Workshops
- Social Events
- Dietary Counseling
- Weight Loss Management

The facility itself should be aesthetically pleasing (classy, spotless, yet invigorating

surroundings) with functional circuit training equipment, but not overdone with free weights. The staff should be attentive, personable and professionally poised. Your trainers, therapists, and counselors should be highly accredited.

Your facility should have a well designed website packed with health and fitness information and links to pertinent sites such as sports news, health industry links, medical breakthroughs, beauty services and innovations, financial news, etc. Additionally, you should circulate smart and relevant newsletters or articles to your members on a regular basis.

Most importantly, your facility should be run ethically, professionally, personably and with well-trained staff following solid operational systems. Consistency of high standards will set you apart from your competition leaving a lasting and *excellent*

impression on your Boomer client.

Obviously, your price point will be determined by what features mentioned above you want to offer *and* by the income demographics of your "time trade" area. IHRSA statistics show that people are willing to spend anywhere from 1.2% to 3% of household incomes on "fitness" in general. If the majority of those dollars can be acquired for fitness facility dues and services, the range applies to the most pared down Planet Fitness or Fitness 19 model all the way to high end PT and boutique service studios. Keep in mind that there are some fundamental differences in the financial positions from one end of the Baby Boomer spectrum to the other, but the needs, wants and desires of the whole group are, by and large, the same.

The fitness industry is here to stay for all age levels, but for those of you trying to

"do it all" and/or are plagued by heavy competition in your area, you may want to study the various demographic groups in your market, and choose your "niche" accordingly. By promoting and offering access to health and wellness, you're offering a valuable service to your community, regardless of how you package it. The ups and downs of the economic temperature should really only accentuate the need to maintain physical, mental, and spiritual health. Don't lose sight of that! Know your market and position yourself to offer the gift of health and well being to the group that is "calling" you.

(*Andrea Sobotka is Co-Owner and Business Development Manager for both Fitness Club Success and Fitness Fundraisers. Andrea may be reached at: 866-855-5494 or email: info@fitnessclubsuccess.com*)

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Urban Health Club Launches Retention Management Service *Cuts Terminations in Half in Four Months*

London UK/Charlotte, N.C., July 29th 2008 - Urban Health Club (formerly Topnotch Health Club in Birmingham City Centre) has selected Retention Management to provide communication services to its members. According to Urban Health Club management, four months after launching the service, the Club has cut terminations in half. Retention Management, the industry leader in attrition defense, services health clubs in the United States, Canada, the United Kingdom, Australia and New Zealand. Their clients represent over 2.5 million members.

"Sales have always been strong at the club, but

its Achilles heel has always been terminations," said Craig Hubbard, Managing Director for Urban Health Clubs LTD. "We looked at many different ways of tracking members and ways of reducing our terminations, but nothing either fitted the bill or produced the results we were looking for until we found Retention Management."

"Retention Management quickly and professionally got everything in place so that we could start as soon as possible. We have been amazed at the results we have seen and how quickly we have seen them. In four months, they have managed to half our termination levels. As you can imagine the Directors and our Bank Manager are delighted

with the results and the difference this is making to our bottom line. To date linking with Retention Management has been one of the smarter decisions we have made."

"We are very pleased that Craig and Urban Health have achieved such immediate results," said Jon Nasta, Retention Management's UK Managing Director. "At Retention

Management, we pride ourselves on the fact that we come from the fitness industry and work to deliver a professional product that will help clubs achieve results. Clubs all over the United Kingdom are beginning to see what Retention Management can do for them."

Retention Management provides a comprehensive series of automated member communication services, including personalized supportive emails that are based on each member's unique attendance patterns, on-going email marketing messages as well as a new member integration program.

www.retentionmanagement.com



Make It Fun Everyday!

Your Health Club Sales Staff Won't Change Unless You Change

By: Jim Thomas

For many years, I have been asked by health club owners and managers to change their sales staff. Perform sales *magic*, as I call it. The truth is... a specific health club sales training program conducted by anyone outside of your health club will have only a temporary impact, unless the management team within that health club commits itself to reinforcing the information taught during the training.

On the other hand, health club specific sales training that is reinforced by health club management will have a long term impact on the club operations, membership sales and the business in general. When reinforced by club management, the information learned through a health club specific sales training class will result in long term increases in the production of the membership sales force.

Near the first of this year, I took on a new client that was really struggling and had lost its way. During the initial months with that client, I wrote a custom health club specific sales training manual for their health club. I trained all the membership salespeople, trained all the department managers, trained with the health club owners, and worked with them on a regular basis over a period of about four months. It was only a few months later, that I was asked to travel back to the club and "brush up" the membership sales force and other staff in a one-day training session.

I was disappointed to see that the membership and procedures manual their health club management team and I had worked on had never been opened since the conclusion of our initial engagement. Even more disappointing was the fact that no one in the health club management chain of command,

including the owner, had done any reinforcement training since the conclusion of the consulting project. There had been no follow up at all. Even worse, the owner of the health club did not attend this one day "brush-up" session.

Sad to say, this is not uncommon. If you want your membership sales team to change its behavior, then you must be the starting point of this change. If you continue to believe that an outsider will permanently impact the productivity of your team, and you do not attend the training, nor reinforce it, then you are clearly planning to waste money on your training project. In order to make sales training work, you must adhere to the following rules:

1. You should ensure that a key member of your club management team sits through all of the sales training sessions. This key manager should be responsible for inspecting the reinforcement activities conducted by the

membership sales manager and the membership sales team after the conclusion of the training session. As some of you may know by now, one of my favorite axioms is "inspect what you expect". With that said, you should make sure that you participate (at least as an observer) in all membership sales training activities.

2. You should also embrace the philosophy that membership sales training, sales coaching and sales team development are the primary responsibilities of your health club management staff. If membership sales and procedure training does not occur regularly, then it will not be reinforced and you will lose money. I advocate a very strong, ongoing and rigorous program of continuous practice. When you have regular membership sales practice, you and your team will learn best practices shared by your team members as well as have an opportunity to



Jim Thomas

develop next practices that will be the foundation for your future success.

Get involved and stay involved, and your health club sales team will produce the results you desire. Remain on the sidelines as a spectator, and you will be perpetually disappointed.

It all starts with you.

(Jim Thomas is the President of Fitness Management USA and may be reached at: 800-929-2898 or email: jthomas@fmconsulting.net)

Sales is 90% Preparation and 10% Presentation

By: Ed Tock

Learn to "Sharpen Your Saw"

Success in anything is all about focus, and if you focus on what's critical, then you'll get the results that you need to get right now. The market is more competitive than ever and you need every edge that you can get. The difference between water in its liquid state and steam is only one small degree. Turn the heat up by one degree in your focus and discipline and watch your sales skyrocket!

5 Top Sales Quotes

1. "Salespeople who only do what they feel like doing today are bound to spend the rest of their lives unable to do what they really feel like doing."
2. "Your member will never believe in the value of your service any more strongly than you do!"
3. "The best way to serve your own interests is to put the needs and desires of your members first!"
4. "To deliver value to the prospective member, you must see yourself primarily as a value resource for the member!"
5. "To be a value resource for your member, you

must first discover what your member perceives as value!"

Brian Tracy, a professional author and speaker, once said that "horse races are not won by a length; they are won by a nose".

To be the successful salesperson you want to be, you must be brilliant on the basics by doing all of the little things consistently. The key to success is to learn from others who have been successful before you! Contrary to myth, there are no "born" salespeople. Top performers are not just lucky - hard workers make their own luck.

Sales are the lifeblood of every club. Nothing begins until a sale is made, and personal relationships between members and the club are what sales are all about; the better the relationship, the better the chance that a sale will be made. With few exceptions, people buy from someone they like and trust.

Here are a few tips to help you become that successful salesperson:

- Consistency of effort.
- Have a strong close in a soft way!
- Self management - 80 % of your results come from 20 % of your efforts.

One final point: Friday is 20% of your sales week. Two sales days are 10% of your month. To have only two "slow days" each month is equivalent to having one full month of "slow days" each year. Every moment of every sales day matters. These are your "money hours".

Waiting/hoping for a "better sales day" of the week or a time when you're feeling more "up to the task" will have a long-term effect on you and your team's ultimate sales results (and discipline). Every sales day is a sales day regardless of circumstances. Once gone, it's gone forever. Over the next few weeks, begin your quest for complete sales time discipline regardless of environment... regardless of circumstances. Put the "Do Not Disturb" button on your money hours and on your sales discipline. Time management is simple. Do what you know must be done. We know that, for our wishes to come true, we need to think, plan and work at making things happen.

And, in competitive situations, like sales, it helps to have an edge -- a special advantage. The only real secret is consistency: Practice to be the best, stick with what works and correct what does not. Master your craft.

There is no 100% guaranteed method to succeed in selling, but you can make it a lot easier to sell more, and for your people to sell more, too.

To receive the top 30 sales tips, send an email to: eddie@eddietock.com or call (845) 736-0307.

(ED TOCK, *EddieTock.com* - Ed Tock is a top speaker for the Club Industry Shows, IHRSA Conventions and has been a faculty member for IHRSA's Institute for Professional Club Management. Ed is an industry leader as a marketing and sales training consultant, specializes in on-site seminars and 90-day performance and profitability programs by delivering the highest quality of staff training, proven systems and innovative marketing programs. He has worked with over 800 clubs worldwide including 142 pre-sales since 1983. Over the past



Ed Tock

5 years, Ed's clients averaged a 10 to 23 % increase in sales! Ed has recently sponsored and authored the latest IHRSA Sales Video. Ed was formerly a partner in Sales Makers for 21 years and during those years Sales Makers was named the IHRSA Associate Member of the Year!)

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Oxygenate Your Studio

By: Craig Wenborg, D.C., D.A.B.C.O.

The idea of providing the "Oxygenated Studio" has great appeal for both client benefits as well as club promotion. In this article, I am going to describe the elements you need to know to evaluate how safe manipulation of room air is good for your bottom line. I will describe the "how to" on room construction, equipment and fire safety. After reading this article, you will be empowered to make a decision as to how this service may fit into your business plan.

Oxygen enrichment in a confined space is technically easy. The oxygen source is located outside the studio space that the oxygen is directed in. Double room doors create an air lock and control oxygen bleed-away from the studio. Basic calculations such as room size, heating and cooling air flow and elevation above sea level, determine the volume of supplemental oxygen required to oxygenate to desired levels. Oxygen is directed into the room through the heating and air conditioning system or independent outflow nozzles.

The oxygen source can be tanked or fed from an oxygen concentrator. Oxygen concentrators provide features which increase convenience and safety. Systems can be designed to conveniently turn on and off, without overview. Unlike tanked oxygen, oxygen concentrator systems are safe relative to

explosive danger. An oxygen sensor monitors oxygen levels maintaining the proper balance within the room. Should the oxygen level exceed the targeted goal, the oxygen concentrator will shut down automatically.

Oxygen concentrators utilize a system called pressure swing absorption. Pressure swing absorption systems produce unlimited oxygen and have shown great benefits in reducing indoor air pollution. Within the pressure swing chamber, porous rocks called zeolite, absorb nitrogen and other indoor air pollutants. There are 118 different zeolites, all with different properties. Proprietary blends of zeolite have the characteristic of producing oxygen as well as reducing suspended respiratory particulates, volatile organic compounds and the seven World Health Organization indoor air pollutants.

In his book, *Oxygen and Aging*, Majid Ali, M.D. describes the delicate balance of oxygen in the human body. He describes his book as the wake-up call for the pandemic of dysfunctional oxygen metabolism. Dysfunction oxygen metabolism is the primary mechanism of cellular aging and is the single most important threat to the human life span. The growing relationship between the internal and external environments of humans is the health consideration which will govern all our plans for preserving health and reversing disease.

Your health conscious club member is aware of the benefits of pure air and higher oxygen. Within the Oxygenated Studio, the healthful pursuit of Yoga, Pilates and aerobic exercise can be performed. The foundation of Yoga is based upon increasing blood flow to all areas of the human body. Increased blood flow provides balance to tissue oxygen systems. One study reports an increase of oxygen consumption of 28% during yoga sessions. Aerobic exercise while breathing oxygen has been shown to improve exercise tolerance and increase caloric burn.

Only a slight increase in room oxygen level provides a healthier environment for club members. The atmosphere of our earth contains 21% oxygen. From the top of Mount Everest, to the bottom of the Dead Sea, oxygen concentration is the same. We all know that we can not breathe as easy at altitude. The difference is due to partial pressure of oxygen. Partial pressure represents the force which pushes oxygen into the human body. Partial pressure is increased when the weight of oxygen against the body is increased or when the number of molecules of oxygen against the body are increased. The oxygenated studio is an artificial environment wherein the partial pressure of oxygen is increased. To create increased studio partial pressure, the numbers of oxygen molecules are increased.

The first question I am always asked is, "Can we oxygenate without fire hazard?"

There is consensus regarding oxygen enriched environments relative to the risk of ignition and fire. Oxygen enriched environments are defined by the U.S. Compressed Gas Association, American Society for Testing and Materials International, European Industrial Gas Association and the International Standards Organization as any mixture or atmosphere containing greater than 23% oxygen. Occupational Safety and Health Administration describes oxygen enriched environments as beginning at 23.5%. These organizations agree that when oxygen concentrations exceed 23.5%, the chemistry of fire behavior changes. The consensus is that the Oxygenated Studio is a safe club service

when oxygen concentrations are maintained at or below 23.5%.

Fire hazard associated with oxygen enriched environments has been studied by the National Fire Protection Association. Extensive studies have been performed on the burn rates of different combustibles, when exposed to different oxygen concentrations. The conclusion of NFPA is that increased burn rate only occurs at sea level, when oxygen levels are in excess of 23.45%. Because of the lower partial pressure of oxygen at higher altitude, safe percentages of oxygen concentration are prorated for altitude. For example, an oxygenated studio at an altitude of 5,000 meters can safely increase oxygen concentrations to 31.5% by NFPA standards.

Oxygen promotes burning, but it does not burn. All construction material is considered a fuel source. Fuel sources have different flame propagation rates and different ignition temperatures. The Oxygenated Studio is constructed using fire resistant materials. Sheet rock walls over metal studs are preferred, and synthetic fire resistant laminate or vinyl flooring material, preferably over concrete sub-floor, minimizes combustibles and provides an easy surface to keep clean. Boxed in overhead lighting, effectively seals the room from air loss. Double doors create an air lock for entry and exit. I always recommend one wall of an Oxygenate Studio be glass. From a promotional standpoint, a glass wall allows others to see what is going on inside the room. Glass also has the added benefit of being your promotional medium. Splashy lettering easily presents to your club membership the promotional message you wish to convey.

Controlling ventilation becomes critical to achieving consistent mixing ratios. In the controlled environment of the Oxygenated Studio, oxygen is mixed with air from the heating and air conditioning system. Precise heating and air conditioning ventilation flow is required for proper mixing ratios. In the United States, room ventilation codes are set by the American Society of Heating, Refrigerating, and Air Conditioning Engineers. Flow rates were developed for the



Dr. Craig Wenborg

elimination of human generated carbon dioxide. With the Oxygen Studio, lower ventilation rates are preferable within reason. The acceptable ventilation rate is set at 5 cubic feet per minute or greater, per person.

In this article, I have described the factors involved in providing the "Oxygenated Studio" as a club service. Controlled mixing ratios, ventilation rates and building materials allow you to provide this service safely and effectively to boost your club profile as well as the bottom line. I have prepared two different oxygenated studio layouts which meet all the criteria outlined in this article. I will be happy to provide these layouts to you for your consideration.

(Dr. Craig Wenborg is the initial importer and system developer for Oxyvital. The Oxyvital product line includes equipment for Oxygenated Studio, Indoor Air Purification, Exercise With Oxygen Therapy and Oxygen Facial. For further information visit www.OxyvitalUSA.com or call Dr. Wenborg at 800-528-1026)

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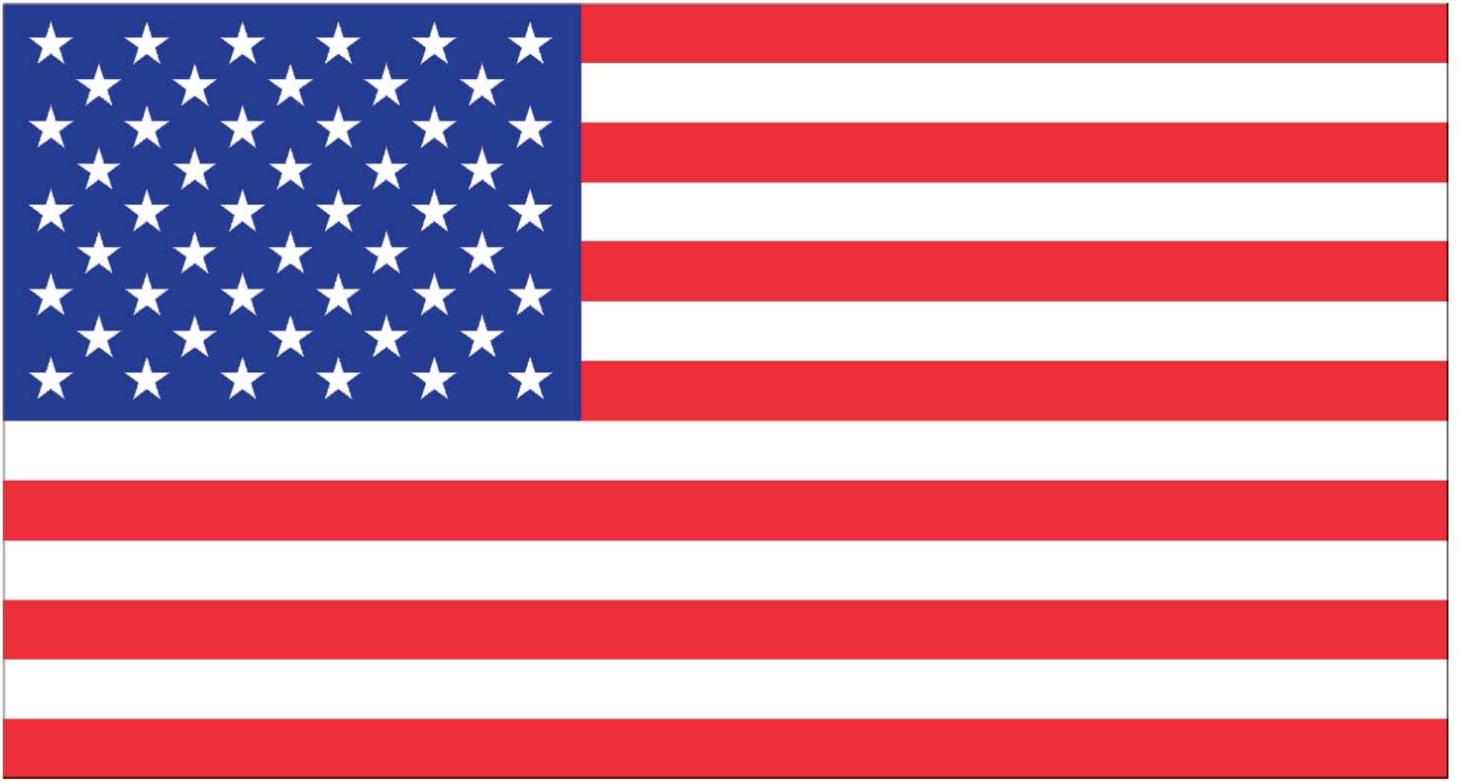
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Programming Tip of the Month:

Back to Basics... Make It Fun! - Profitable Programming Ideas for YOU

By: Sandy Coffman

September 1st begins the PROGRAMMING CALENDAR for the coming year. It's time to evaluate every aspect of your business to move ahead, but your programming agenda will be key to every member's enthusiasm

for fitness. The existing active members get recharged, the drop outs come back, the new members get a new beginning and potential members are eager to get started.

As you move forward with new and innovative ideas, however, remember what got you there in the first place. Group

exercise (as we know it today) or aerobic dance (as we referred to it years ago) was the most successful, fun exercise program in every club.

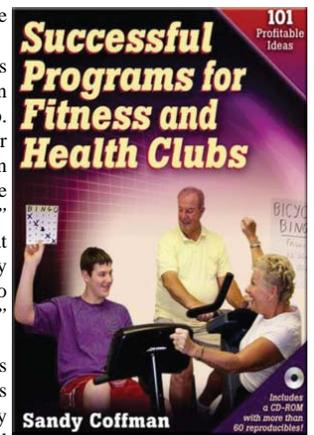
Why wouldn't anyone want to get fit and healthy while moving to upbeat and exciting music, while following an energetic, empathetic, instructor who leads you through the exercises as though you are a pro. Laughing, singing, dancing, jumping, hopping, kicking, sliding, marching, punching, swinging, bending, twisting, turning, stretching, reaching, walking and jogging... what's not to like?

This is not funk fusion! The basics of group exercise is moving to music in routines that require ordinary movements instead of coordination challenges and following familiar music that filled dance floors and exercise studios for years. Ten to 50 participants or more come together in a social atmosphere to move, dance, and exercise with high energy to exhilarating music, following a leader who

motivates you throughout the routine. What's not to like?

Group exercise classes are perfect to create *other* fun social experiences in your club. For example, most of your members have gone on a vacation over the summer months. Have a "Vacation T-shirt day." Everyone wears a T-shirt that they brought back from a holiday vacation. What a fun way to create that "club within a club" environment.

Our objective as programmers in the fitness industry is to provide a facility with fitness programs and leadership that will encourage exercise adherence. Years of experience in the fitness club industry has repeatedly shown that adherence to exercise is enhanced when camaraderie and sociability are added to exercise routines and research has also shown that most people join clubs because they would prefer to work out in a group environment. Get back to basics. Enjoy! *Make It Fun!*



(To order Sandy's great new programming book, "*Successful Programs for Fitness and Health Clubs*," 101 Profitable Ideas go to: www.humankinetics.com Contact Sandy: SLCoffman@aol.com or www.sandycoffman.com)



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All who have advertised, purchased subscriptions, read and pitched in as Contributing Authors. We are now in our 15th year of publication! All of you are on the "Team" that makes CLUB INSIDER, and we will be grateful to you forever.

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Very Sincerely, Norm Cates, Jr.

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 nedy Club Fitness San Luis Obispo • Kent Women's Spa & Fitness Center • Ladies Fitness & Health • Ladies World
 Health & Fitness • Lady Wellness Fitness & Spa • Leader Health & Fitness • Matrix Fitness • Mawson Health & Fitness
 • Mid Town Athletic Club Willowbrook • Midtown Athletic Club Forest Grove • Mike Arteaga's Health & Fitness Cen-
 ters Highland • Mike Arteaga's Health & Fitness Centers Poughkeepsie • Miramont Lifestyle Fitness North • Miramont
 Lifestyle Fitness South • Mount Wachusett Community College • NCH Dr. John Briggs Wellness Center • NCH Whitaker
 Wellness Center • Nike Lance Armstrong Fitness Center • Peak Fitness Spartanburg Peak • Physiques Inc. • Power-
 house Gym Webster • Princeton Fitness and Wellness Center • Quantum Fitness • Riverside Health Club • RWJ Hamil-
 ton Center for Health and Fitness • RWJ Rahway Fitness & Wellness Center • Shapes Fitness Centre Pembina •
 Shapes Fitness Centre McPhillips • Shapes Fitness Centre Narin • Sims Health And Racquet • Spartanburg Athletic
 Club • Suburban Athletic Club • Superior Athletic Club • Superior Athletic Club II • The Edge • The Sports Center •
 Thoreau Club Of Concord • Transformations Fitness for Women • Women's Fitness Company • World Class Women Fitness &
 Nutrition • World Gym Fayetteville • World Gym Fitness Center • World Gym Highway 54 • World Gym Peachtree City •
 WOW! Brick • WOW! East Brunswick • WOW! Fitness Corvallis • WOW! Fitness Lebanon • WOW! Freehold •
 WOW! Middletown • WOW! North Brunswick • WOW! Ocean • Yang's Fitness Center • Yorktowne Racquet & Fitness Club



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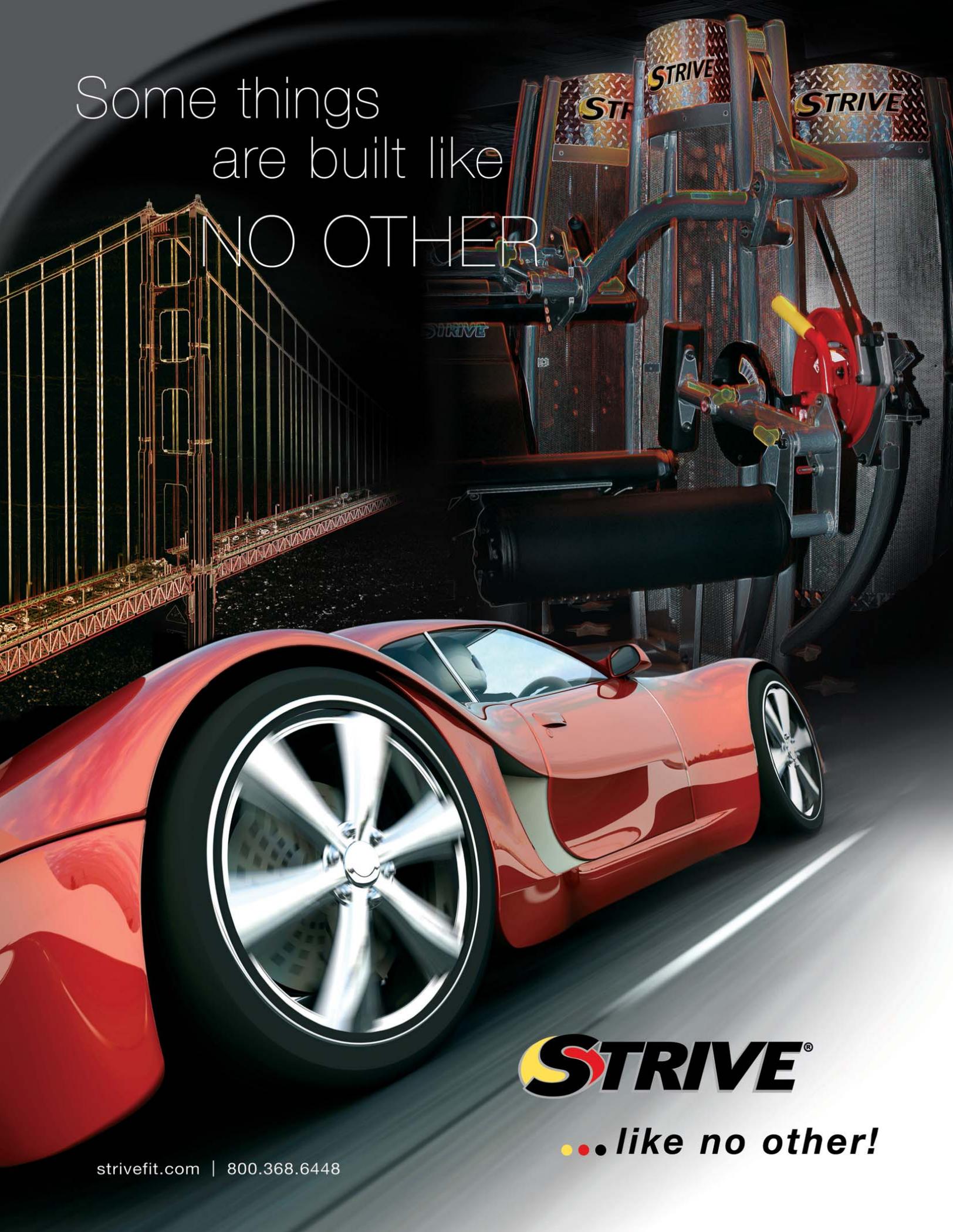
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