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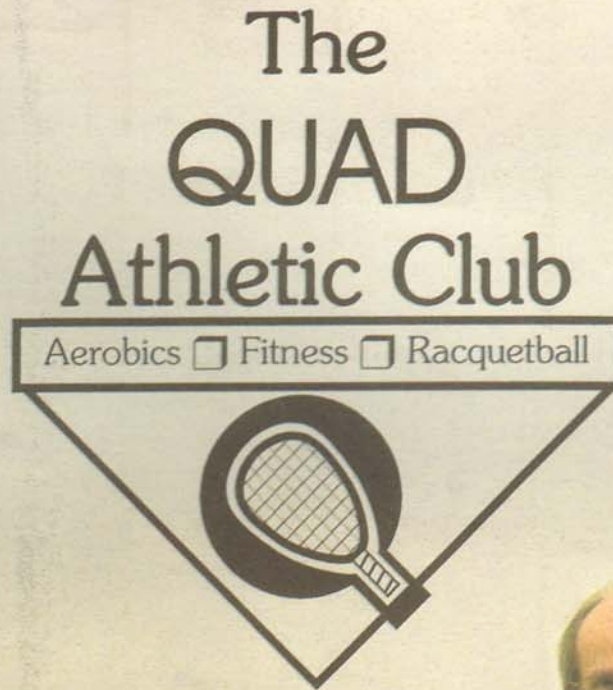
Norm Cates'

# THE Club Insider

## NEWS

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

VOLUME 10 NUMBER 10  
OCTOBER 2004



# Dean Kachel- Survivor for 25 Years

*A Case-Study On Tenacity, Dedication and Innovation*





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# Norm Cates' **THE Club Insider** NEWS

## *Dean Kachel - Survivor For 25 Years !*

### *A Case-Study On Tenacity, Dedication and Innovation*

By: Norm Cates, Jr.

25 years is a long-long time. Especially in a business that depends upon many variables. Some controllable. Some uncontrollable. When Dean Kachel opened the Quadrangle Racquetball Club on October 12, 1979, he had built and delivered to his Coral Springs, Florida market, a suburb of Fort Lauderdale, a racquetball club which became obsolete very rapidly as the racquetball craze of the mid to late 70's declined. Kachel had, like many racquetball club entrepreneurs in the mid to late-1970's (yours truly included), opened

racquetball clubs during a period when the game was very new and had grown in popularity rapidly across America. The selling points for racquetball were the same then as Kachel outlines in his interview in this article about why he loves the game of racquetball. The game provides great exercise. It is a ton of fun to play. And, probably most importantly to racquetball club developers during that era, racquetball is easy to learn to play, at least initially. But, to become really good at racquetball requires professional coaching and hours and hours of competitive play.

But, the same "easy to learn to play" game of racquetball that rose in popularity very rapidly across America lost its popularity just as rapidly with many hundreds of thousands of players who entered the game because it was "easy to learn to play." The catch phrase here is "learn" to play. Kachel, my partners, myself, and hundreds, if not thousands, of other racquetball club owners across America had made a colossal mistake when we tacked up thousands and thousands of racquetball courts. The mistake was that we interpreted that



(L to R) Fred White, Dean Kachel, Barry Kletter & Steve (Woody) Greenberg

(See Dean Kachel Page 6)

## **Jack LaLanne**

### *The Man - The Legend Turns 90!*

By: Norm Cates, Jr.

Jack LaLanne has turned age 90 on his way to 150 years of age and we congratulate Jack on another milestone. And, we congratulate and thank Jack and Elaine for the great lives they live and the inspiration they still provide for people everywhere!

Thomas Edison brought us the light bulb. Alexander Graham Bell brought us the telephone. The Wright Brothers brought us the airplane. All of these American pioneers hold permanent places in world history. So does Jack LaLanne.

Meet the "Godfather of Fitness", the one and only Jack

LaLanne. His amazing career includes fitness equipment design and production, health club ownership, a 34-year career of 5-day per week television shows, an extensive speaking career and numerous product development ventures, including his current Jack LaLanne juicer marketed on TV. His amazing fitness and health story spans 8-decades !

*Big New York City Soiree Honors Jack LaLanne On His 90th Birthday!*

Jack LaLanne's 90th Birthday was celebrated recently in New York City at the Pierre

Hotel. In attendance were health and fitness luminaries like Bob DelMonteque, Rudy and Virginia Smith, and Jimmy Payne, Mr. America in 1950. Famous entertainers, Regis Philbin and his wife, Tony Danza and John Caridine were also amongst the crowd celebrating along with Jack. During a TV interview in early October, Jack was interviewed for a network news show at his 90th birthday party and said, "I am doing really great and I am on my way to 150! Stick around and watch!" We attempted to contact Jack for comments on his 90th Birthday, but he was in Europe with Elaine at our press time.

Bob DelMonteque, one of Jack's long time friends, commented, "I've known Jack since 1946. Jack was a dare devil and was extremely strong. In his 40's he had a gym in Oakland up on top of this tall office building. There was a flag pole on top of the 10 or 11 story building and Jack would climb up on top of that flag pole and do a hand stand extending his body up in the air atop that pole. One time for one of his "Birthday Feats" he swam underwater across the Golden Gate bridge. That was a tough one for him and he almost

(See Jack LaLanne Page 4)

Right: Jack LaLanne Age 90-



#### **Inside The Insider**

- Under Promise/Over Deliver
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#### **CheckFree's New Contract Management Product** **Designed to Save clubs Time and Money**

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anticipated CheckFree Contract

**What used to take hours can now be accomplished in minutes.**

Manager, the first comprehensive electronic contract system for mid- to large-sized health club facilities.

(See CheckFree Page 7)



## ...Jack LaLanne

continued from page 3

didn't make it. For a little guy, Jack was strong as all hell. He used to take two 110# dumbbells and stand and pressed them 10 times! Jack has been the greatest inspiration in history for health and fitness in America and around the world. He got millions of women into shape through his TV show. His famous sayings were "If man has made it, don't eat it" and "If you don't use it, you're gonna lose it." I believe that Jack LaLanne is going to live for many more years. He is my real inspiration. He is one of my very best friends and I wish him and Elaine all the best."

### Jack LaLanne - Born To Lead

Jack LaLanne was born on September 12, 1914. In 1934 he opened one of the nation's first health clubs on the 3rd floor of an old office building in downtown Oakland, California. Jack LaLanne says people thought he was a "kook". Even though his first health club rent was only \$45 per month, he almost went broke. He had to fight through the stereotypical images about weight lifting, exercise and fitness that existed in that era. He emerged as the #1 fitness promoter and phenom of all time. And, he is still at it.

I had the great pleasure of meeting and having dinner with Jack and Elaine LaLanne in the Fall of 1999 during the Club Industry Show in Chicago. In March, 2000, I interviewed Jack and Elaine during the IHRSA Show in San Francisco. (See The **CLUB INSIDER** News cover photo on this page). LaLanne commented, "I was a sick, weak kid when I was 14-years old and I was about 30 pounds underweight. I was hooked on sugar. I was a complete sugarholic. I'd eat a quart of ice cream, then I'd put my finger down my throat and heave it up! I had an uncontrollable temper. I had headaches every day. It was just incredible. My folks had a hell of a time with me. I was in school and was a trouble maker. I had failing grades. When I was 15 they took me out of school for six months hoping something good would happen. During that time I attended a health and nutrition lecture by Paul Bragg and that did it! I gave myself to fitness then, just like somebody giving themselves to God. Bragg told us, "If you obey nature's

laws you can be born again." LaLanne continues, "I wanted to have a nice body. I wanted girls to like me. I wanted to be an athlete. Paul Bragg was a vegetarian and after hearing him speak, I became a strict vegetarian for 7 years. I cut out all white flour and white sugar products and joined the Berkely, California YMCA. The rest is history. In order to cut out sugar, I had to pray. I said, 'Dear God, I need help. Help me!' You know, there is nothing, sex or drugs or booze, nothing more addictive than sugar! Do you know how many people are addicted to sugar? (Based on the two-year old Surgeon General's Report on the U.S. obesity epidemic, apparently there are a lot!)

We asked Jack to share his experience when he opened his first health club. He commented, "In 1936, at age 21, I opened my first health club right in the middle of downtown Oakland at 409 - 15th Street. My rent was just \$45 per month, I was going broke. People were staying away from me like I had AIDS or Syphilis! The newspapers picked up the story. Here I was, a champion wrestler. I was noted for my body building. I had the big chest and little waist. I was lifting a lot of weights in those days. The paper wrote that 'Jack LaLanne was a nut, a crack-pot.' They wrote, 'He's got women working out with weights, he's got old people working out with weights and he's got athletes working out with weights.' In those days it was a complete NO-NO for an athlete to lift weights. So, when I opened my first health club in 1936, nobody was coming. To survive and pay my \$45 per month rent and other expenses, I had to become a part-time massage therapist."

Jack LaLanne invented a number of familiar pieces of exercise equipment that are today commonly found in health clubs today, including a leg-extension machine to help rehabilitate his leg that he had injured playing high school football, the first selectorized weight machine and he was the first to have an incline bench in his gym. He would draw up on paper what he wanted to build and had a blacksmith to build it by hand.

### A Television Pioneer

Jack LaLanne was an early television pioneer beginning in 1951. He recalled, "What really got the ball rolling

was when I went on television. I could preach my message of nutrition and weight training and really reach some people. My show appeared for 34-years in over 200 of the top markets in the U.S." Those same energetic Jack LaLanne Shows may now be seen on ESPN Classic cable network. He was also on the Armed Services TV Network so people in Europe and around the world saw his shows. LaLanne built a chain of Jack LaLanne health clubs, including a name licensing agreement with Ray Wilson's European Health Spas. I asked LaLanne "How did your television show impact your health club chain?" He replied, "It was fantastic! I never spent one nickel on advertising during my early years of TV shows." Ray Wilson described Jack LaLanne as "The eighth wonder of the world."

### Amazing Fitness 'Feats' Highlight Jack LaLanne's Career

Jack LaLanne's trademark 'feats' performed on many of his birthdays have amazed the world for years. For example, for his 40th birthday he put on handcuffs and jumped off the rock in San Francisco Bay known as Alcatraz and swam handcuffed to the mainland! On his 70th birthday LaLanne swam pulling 70 boats with 70 people on board for 1 1/2 miles off the coast of Long Beach. For one of his birthday feats LaLanne set a record that still stands, performing 1,000 chin-ups and 1,000 push-ups in 1 hour and 20 minutes! Simply amazing.

### The April 2000 CLUB INSIDER News Cover Story

The **CLUB INSIDER** News cover story featured Jack LaLanne in April, 2000. That article carried a still important, targeted message from Jack LaLanne to health club owner/operators. LaLanne stated, "I was doing so well with my 5-day a week television shows and my lectures that I decided to sell my chain of health clubs. I think the health club industry is doing just great now, more people are working out now and there are more health clubs than ever. But, the only 'pet-peeve' I have is that I believe club operators should provide new health club members with much more guidance and start-up help when

they join a health club. Then they should be monitored more with follow-up program modifications. They are neophytes. They know



### Jack and Elaine LaLanne

nothing about nutrition. They come in the place overweight or skinny. They need GUIDANCE! When I first started, I knew my member's name, his wife's name and his kids' names. I made it my business to know everything about him! If you missed even one work out, I was on the phone to find out why you didn't show up. I'd say, 'Hey, Norm, I don't want your money unless you show up here! I would change their program completely every 30 days. Club operators don't do that anymore. But, the key to it is for club operators to keep an eye on their members. These people want attention! People that came in were lonesome. They might be having trouble in a love-affair or might be having financial problems. I was their confidant. I had this beautiful office with hardwood panels and I would take my members in there and counsel them, talk to them and listen to their problems. They were family! That is what club operators need to get back to, that personal touch! Working closely with the people is the key. They've got to have more supervision! (Does this sound familiar out there folks?)

At the close of my interview with Jack and Elaine LaLanne at IHRSA San Francisco, 2000, I said to Jack, "I forgot to ask you what your next great 'feat' is going to be!" LaLanne replied, "I'm glad you asked Norm! I am going to swim 22 miles underwater from Catalina Island to the coast of California! I expect it to take me 29 to 30 hours. I will have a fresh tank of air dropped to me every 1.5 hours." Jack's wife of over 50 years, Elaine LaLanne, heard his response and had her own response to Jack's answer saying, "Yeah, and if he tries that, I'm going to divorce him!"

Jack LaLanne has promoted exercise and fitness to more people than anyone in history. Never has any human being on earth done more to spread the message of exercise and health. And yours truly,

Norm Cates, is proud to have been one of those people whose life was totally changed by the strong and inspirational influence of the one-and-only Jack LaLanne. I want to thank Jack LaLanne from the bottom of my heart. In 1991 my son, Justin and I, were stopped in traffic when a drunk driver hit us from behind going over 50 mph. I was immobilized for some time. During the following 8-years my weight soared to its peak of 343 pound! In the fall of 1999 I had the honor and pleasure of sitting down for dinner with Jack and Elaine LaLanne one evening in Chicago during the Club Industry Show. To say that this was a life-changing experience for me would be a monumental understatement. After the inspiration I personally received from Jack LaLanne, I changed my lifestyle 180 degrees in the other direction. I adopted a daily exercise regimen and I do mean *daily* exercise. In the past four years since that dinner with Jack and Elaine, I may have missed a total of 25 or 30 days without exercise. I modified my diet, significantly reducing my consumption of red meat, pasta, bread, potatoes, rice and all sweets. And, I also eliminated permanently my consumption of alcohol, a source then of significant, sugar intake and empty calories. From that effort, I lost over 100 pounds and I still work hard everyday to maintain my new-found fitness. Inspiration from Jack and Elaine LaLanne has been huge in my life and I thank them both.

Happy Birthday Jack LaLanne! You are one of America's greatest treasures and we wish you and Elaine well on your journey from age 90 to age 150!

(Norm Cates, Jr. is the Publisher of The **CLUB INSIDER** News. In March, 2001 Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: (770) 850-8506 or by email at: clubinsidernews@mind spring.com).



# •Norm's Notes•

## •Hello Everybody!

This is your friendly **CLUB INSIDER** News Publisher since 1993 checking in. Thanks to our terrific advertisers, our paid subscribers and readers, and our excellent CONTRIBUTING AUTHORS, we have completed our 11th Year of publication! I especially want to extend my sincere thanks and appreciation to **MICHAEL FLANTER** of the **Springfield Corporation** and **SID NELSON** and **MARY SHARP** of **Affiliated Acceptance Corporation** as these great companies have advertised in every edition of **THE CLUB INSIDER** News since we began selling advertising! We are off and running with 11 YEARS and COUNTING! The legendary **RED LERILLE** was featured on the front page of that first issue.

## Thank You

To The Club Insider News 2004 Contributing Author Team Listed Below:

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\*Raymond Long - Owner - Personal Best Fitness (386) 822-4764

\*Dale Dibble - Retired - Bentley Village - Naples, Florida. Email: dwdibble@hotmail.com

Since that time I have attended 11 Club Industry Shows, 11 IHRSA Conventions and Trade Shows, five National Fitness Trade Shows and have traveled thousands of miles visiting clubs and the great people in our industry. I also want to thank all of the folks at IHRSA, Club Industry, and the National Fitness Trade Conference and Trade Show for being excellent at what they do and providing me with ongoing help and inspiration to continue in their very tough publishing industry. Also, my special thanks to **RICK CARO**, **DR. GERRY FAUST** and the members of the **Faust Executive Roundtable #1** who contributed by helping me create **THE CLUB INSIDER** News and advised me over the years. Thanks to **RON HUDSPETH** and **CATHY BROWN** of Atlanta's **HUDSPETH REPORT** for the help they provided us while we were getting started and during our first 8 years of publication. Heartfelt thanks to my terrific son, **JUSTIN CATES**, Information Technology Director, who has now been in the publishing business himself for

8 years, assisting me in all kinds of computer work, including now our monthly layout work. Justin now also serves as our **Assistant Editor**. Justin, a sophomore at the University of Georgia, comes home once a month for our monthly layout deadline. And, I want to thank my **DAD, NORM CATES, SR.** and his wife, **LOUISE** and my brother **DAVID** for their love and support over these 11 amazing years. **STAY TUNED!**

•**HAROLD ZINKIN** has passed away in California from injuries caused when he slipped and fell in his bathroom. Zinkin, inventor of the Universal Machine and one of the long-time veterans of the health club and fitness industry, was the author of the terrific book, **"Remembering Muscle Beach"**. My sincere condolences to Harold's family and friends as I know he will be greatly missed. **May HAROLD ZINKIN Rest In Peace.**

•**Congratulations to DEAN and M.J. KACHEL and their daughter, MELISA ALLISON**, on the 25th Anniversary of their Coral

Springs, Florida, **Quadrangle Athletic Club**! It was a pleasure for me to produce this month's cover article on Dean and his club. And, I would like to hear from any and all of you that are celebrating milestones such as 10, 15, 20, 25 years or beyond! Send me a message on email or give me a call. I would love to hear from you! email: clubinsidernews@mindspring.com or call me at: (770) 850-8506.

•**RED LERILLE**, former Mr. America in 1963, in my opinion, is the very best single club owner/operator in the entire world. Red never rests when it comes to adding improvements to his **Red Lerille's Health and Racquet Club** in Lafayette, Louisiana and he has done so now for almost 42 years. One of Red's keys to success is that when he started his club in a small 4,000 sq.ft. retail space in January, 1963, he vowed that he would install at least one new improvement or piece of equipment in his club every month. He has lived up to that vow and his most recent new thrust of improvement has been the addition of new swimming pools and a water slide at his club. A funny story was recently shared by Red at the **Faust Roundtable #1 Meeting** in New York City where Red told the group about his club's new facilities and how several of his members, 70-year old ladies, are really enjoying his club's new waterslide! I was honored 11 years ago when we featured Red on the cover of our first edition of **THE CLUB INSIDER** News.



Norm Cates, Jr.

In 1994, our first full year of publication of CIN, I published an in-depth **Case Study** of Red's club and his staff and what made them so very successful. One very respected industry veteran wrote to me after the three parts of that Case Study had been presented for three months in a row. The veteran, **ROGER RALPH**, wrote that it was the single best educational article he had ever read! Red Lerille is a legend and an icon in the health club industry. And, in March, 2005 at **IHRSA San Francisco**, **THE CLUB INSIDER** News will honor Red Lerille and **JOE GOLD** (posthumously) with our second Annual **"Health Club Pioneer of the Year Awards"**. In Las Vegas last march, we honored icons **RAY WILSON** and **DALE DIBBLE** with the **Pioneer of the Year Awards**. **STAY**

(See Norm's Notes Page 8)

## THE Club Insider NEWS

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## THE Club Insider NEWS

### 12 Years and Counting!

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## ...Dean Kachel

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"easy" to learn to play meant that those millions we taught to play the game with quick, one-hour introductory lessons would have become dedicated to the game as many people become dedicated to golf and tennis. We were wrong. The key, in my opinion, was that both tennis and golf, have for generations, been presented by those respective sports operators and promoters as games that "require" extensive lessons to be able to perform and have fun playing. Many of us taught racquetball lessons in groups to people. One hour later we would turn them loose with little if any, follow-up coaching and programming. It was easy for people to enter involvement in the game of racquetball and it was easy for them to leave it because generally they had little, if any, time and money invested in learning to play, as those in golf and tennis usually make. But, racquetball is in fact, *very difficult* to master to a level of proficiency where it can be played well enough to get great workouts. There was the rub. Easy in. Easy out. Contrasted to tennis and golf where new players customarily invest a significant amount of time and money to learn and master the game, racquetball was a sport where players learned the game often even without the benefit of regular, ongoing lessons from a racquetball pro. Therefore, when these "easy-in" players reached a certain level of play, many would become bored or discouraged or both, and left the game in droves at a pace equal to or greater than they entered. That mass departure left thousands of courts vacant.

The mass arrival of

hundreds of thousands of players had generated a "temporary need" for courts to accommodate the hordes. But, about as fast as the racquetball club entrepreneurs of the era could build clubs, those same clubs, within 1 or 2 years, were looking for alternative uses for their court space. The high court occupancy numbers a typical new racquetball club would experience did not last long. Moreover, the average racquetball club in those days charged low membership fees for club members and hourly court time, another significant contributor to the rapid decline of racquetball club revenues. The revenues were tied to court occupancy because of the "pay-as-you-play" concept, contrasted greatly to monthly due revenues of today's health clubs.

### Mel Gorham and John Wineman Led The Way

The truth is that many racquetball club entrepreneurs got into the business because of their love of the game. But, many of us did not open racquetball clubs just because we "loved" the game. Many of us were fired up by a Wall Street Journal article in 1973 about John Wineman and Bob Fitzgerald and their first Courthouse Club in Northbrook, Illinois, a suburb of Chicago. The Courthouse was one of the first racquetball clubs in America and led to Wineman's group ultimately building 18 Chicago-land clubs. The first racquetball club in America that I am aware of was a six-court facility built by Mel Gorham in Pacific Beach, California in the early 70's.

In Atlanta, Georgia, my partners, Rich Boggs, Ray Irwin, Fred Streck and I opened the first racquetball club in the Southeast



**QUAD Before - 1980**

U.S. Our first club, named Courthouse I, opened on May 1, 1977 (after three years of development effort). Our first club, named Courthouse I, opened with 10 courts, a weight room with just 5-lower body Nautilus machines, whirlpool, steam and sauna, locker rooms and a snack bar. We opened the first day with 1200 club members and 100% occupancy that lasted for months, thanks to the marketing and promotional skills of Rich Boggs and the allure of "the new game in town." The demand continued into the fall of '77 with average daily occupancy of over 80% and 100% for primetime (4 pm on) and weekends. By the end of the summer of '77 we were adding 5 more courts and an indoor jogging track and we had 5,000 members. It looked like we were going to parlay our first club, whose name we later changed to Courtsouth, into a huge success. By 1978 we had two other clubs under construction, one in Sandy Springs and one in Columbus, Georgia. By the time we concluded that the racquetball court occupancy momentum was going away rather quickly, we had built four clubs in Atlanta with a total of 56 racquetball courts and four other clubs in Columbus, Ga., Murfreesboro, Tennessee, and two in Knoxville, Tennessee. 56 courts, occupying 44,800-square-feet is a lot of courts and a lot of space not to be producing revenue. By 1980, it had become clear that some of these many courts would have to be converted and used for other purposes, such as aerobic studios (now called group exercise), free weight rooms, cardio areas and selectorized machine areas. On May 1, 1981, my partners and I went out to be independent club owners.....health club owners. And, each of us became heavily engaged in the conversion of racquetball courts to fitness facility areas. Our total court



**QUAD After - 2004**

count for the four Atlanta clubs dropped from 56 courts to 18. Thus, in the four clubs, the former Courtsouth partners had 30,400 sq-ft. of space for development of our "health clubs" conversion.

Importantly and fortunately for many, in 1981, at the first IRSA (International Racquet Sports Association before the "H" was added) Convention in Las Vegas, Nevada, Ray Wilson gave a speech along with others, to members of IRSA explaining how he had gone about converting many racquetball clubs in

clubs. The legendary health club icon, Ray Wilson, was one of those veterans from the "Spa" era. In fact, in the 1960's, Ray Wilson was the first in the U.S. to install full spa facilities in his European Health Spas concept. And, many early-days health club operators had copied Ray's lead and actually, many of us copied that lead in the "new era", installing and operating at great expense and work, whirlpool, steam and sauna facilities. Ray Wilson had sold his European Health Spas in 1969. After



**QUAD - Weightroom**

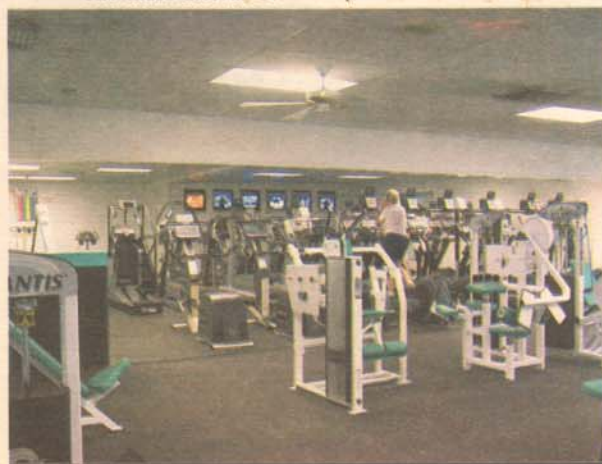
San Diego to health clubs. Ray Wilson's speech to the IRSA group mobilized many club owners to begin their own racquetball court conversion to health club processes and reaffirmed the conversion process some of us were already engaged in.

### A New Health Club Era Was Born

A new health club era was born. In 1981 the health club industry in America was 25-30 years old. Most of the operators of health clubs at the time were what I call "the Spa boys" and virtually none of them had ever even played racquetball. Those "spa" veterans really didn't give a hoot about the game of racquetball or including it in their

completing a work-out agreement with U.S. Industries, the buyer of European, Ray Wilson launched his first Family Fitness Center in San Diego as a test site for LifeCycle that he was perfecting and bringing to the market with Augie Nieto. But, as usual, Wilson was ahead of his time and had moved away from and did not include extensive spa facilities in that amazing chain of clubs. Wilson's move away from his own "spa" concept of the 50's and 60's to what has become known as the "big box" concept, enabled Wilson to build an awesome and very profitable Family Fitness Center chain of 72 clubs in the San Diego area. As he had done before in his 30+ career in the health club industry, Wilson drove the business in the

(See Dean Kachel Page 10)



**QUAD - Cardio Room**



## ...CheckFree

continued from page 3

CheckFree Contract Manager was designed with the assistance of the CheckFree Advisory Board, which includes Club Owners, Presidents, Vice

**CheckFree Contract Manager is the first e-Contract solution in the health and fitness industry that enables clubs to capture more detailed and more accurate member information than ever before.**

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"In speaking with fitness club executives nation-wide, we identified the reviewing and processing of contracts by hand as the single largest time investment

of any back office task. There was a distinct need for an electronic contract software system, which we are solving with Check-

Free's Contract Manager," said Matt McKernan, Vice President and General Manager of CheckFree's Health & Fitness business unit.

By eliminating the paper contract process, CheckFree Contract Manager provides clubs with greater efficiencies

throughout their sales, contract approval and back office processes. Clubs define their own business rules that are enforced during the contract entry process, significantly reducing the time that clubs spend processing and reviewing contracts each month. Additional savings are realized through reduced stor-

age expenses with contracts and signatures stored electronically.

"The goal of CheckFree Contract Manager was to eliminate issues clubs were facing within their contract process," said Ron Polisen, Director of Client Development for CheckFree Health &

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Fitness. "The main issues addressed include ensuring necessary information is captured on the contract during the sales process, restricting and monitoring discounts given by sales, and simplifying the contract approval process."

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Ron Polisen, CheckFree Director of Client Development (on left) and Matt McKernan, VP & GM CheckFree Health & Fitness



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Greenville Racquet and Fitness	109% Increase
Aspen Hill Club (MD)	20% Increase
The Gym (England)	Pre-Sale Sold Out
Atlantic Club (NJ)	31% Increase
Lynne Brick's Womens Only (MD)	Pre-Sale
Bel Air Athletic Club (MD)	20% Increase
PACE Fitness (Australia)	Pre-Sale Sold 2065
Club at Woodbridge (NJ)	32% Increase
Solaris Sports Club (NY)	Pre-Sale
Padonia Fitness Center (MD)	23% Increase
Club Fit (NY)	69% Increase
Spartanburg Athletic Club (SC)	24% Increase
World Gym (NY)	42% Increase
Pinnacle Health Clubs (England)	Pre-Sale
Sportivo Fitness (St. Lucia)	Pre-Sale
Court House Athletic Club (CA)	37% Increase
Ronny Barnes Fitness & Nautilus	29% Increase
Gold Coast Fitness (NJ)	Pre-Sale
Genesis Health & Fitness (KS)	27% Increase
Westside Club (SC)	62% Increase
Maryland Athletic Club (MD)	Expansion
Court Sports I & II (NY)	30% Increase
Shulas Athletic Club (FL)	Expansion
Evanston Athletic Club (IL)	24% Increase
Spa at Fountainbeau (FL)	31% Increase
Gold's Gym (IN)	104% Increase
Sportset (NY)	31% Increase
Welshback Squash & Health Club	40% Increase
Lifestyle Health & Fitness (NC)	58% Increase
Westbay Athletic Club (FL)	Pre-Sale
Millennium Health & Fitness (NC)	32% Increase
Hudson Athletic Club (NJ)	31% Increase
What a Racquet Athletic Club (CA)	27% Increase
Westchester Health & Fitness (NY)	41% Increase
Westlake Sport House (CA)	30% Increase
Apple Athletic Club (ID)	44% Increase
The Ridge (MT)	34% Increase
Gold's Gym (VA)	34% Increase
Sports Club (Sweden)	44% Increase
Gold's Gym (CA)	23% Increase
Gold's Gym (GA)	17% Increase
Gold's Gym (NY)	38% Increase
Viva! (England)	Pre-Sale Sold Out
Evolution, Salt Lake City, UT	93% Increase
Sportsclub Simpsonville (SC)	PRESALE
Lakeview Golf Resort & Spa (WV)	34% Increase
Pikecreek Fitness (DE)	37% Increase
Cherry Hill Health & Racquet Club (NJ)	EXPANSION SALE
Better Bodies (KY)	20% Increase
Silverlake Family Center (KY)	42% Increase
The Clubs at Rivercity (IL)	16% Increase
Huntsville Athletic Club (AL)	18% Increase
Towne Athletic Club (OH)	23% Increase
Wimbledon Sportsplex (TN)	16% Increase
Mercy HealthPlex (OH)	56% Increase
Cornerstone Health & Fitness (PA)	28% Increase
Aerofit Health & Fitness (TX)	64% Increase
Premier Athletic Club (NY)	32% Increase
Sportsplex Bethel (CT)	↑↑↑↑↑↑↑
Sportplex Stamford (CT)	↑↑↑↑↑↑↑
Sportsplex New Windsor (NY)	↑↑↑↑↑↑↑
Mt. Kisco Athletic Club (NY)	↑↑↑↑↑↑↑
Saw Mill Club (NY)	↑↑↑↑↑↑↑
Sportclub Greenville (SC)	↑↑↑↑↑↑↑
Gold's Gym Belleville & Whippany (NJ)	↑↑↑↑↑↑↑
Spring Valley Tennis and Fitness (PA)	↑↑↑↑↑↑↑
Memorial Herrman Hospital & Wellness Center (TX)	↑↑↑↑↑↑↑
Equinox New York (NY)	↑↑↑↑↑↑↑

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### ...Norm's Notes

continued from page 5

**TUNED** for the date and time of this presentation next March at IHRSA San Francisco. And, make your plans **NOW** to be in **San Francisco for IHRSA's 24th Annual Convention and Trade Show!** Call IHRSA at: **800.228.4772** or go to: **www.ihrsa.org** for membership and convention information.

• **MICHAEL SCOTT SCUDDER**, one of our industry's great veterans and an outstanding consultant and teacher, recently conducted his 1.5 day-seminar, "**Building A Goldmine Personal training Business!**" at the **Body Training Systems Headquarters** here in my hometown of Marietta, Ga. Thanks to sponsors: **ABC Financial Services, Visual Fitness Planner (VFP) and Scifit** for sponsoring the event and thanks to **BTS** for hosting the Scudder seminar at their Headquarters. Michael is able to teach this 12-step **Plan for Personal Training Success** because of the great experience that Michael and his partners, **ROBERT and PINKIE DYER**, co-

owners of the **Fit For Life Club** chain in Fort Worth and Dallas, Texas, have had. Using this plan, they have seen their **Personal Training annual revenues grow from \$30 K to \$1 million over the past four years!** Now that is how to grow your business in a non-membership sales area! Scudder has upcoming **Personal Training Success Seminars** scheduled for **HATFIELD, PA.** October 27 and 28th and in **Newburgh, NY** on November 11 and 12. For information you may reach **Michael Scott Scudder** at: **mss@michaelscottscudder.com** Be sure to check out his article in this edition on page 22.

• **LESLI LEHMAN**, the beautiful Dallas, Texas health club "**turn-around-pro**" has a real skill and talent in taking downward spiraling clubs and turning them into profitable businesses. In April 2003, Lehman was consulting with the **Fitness Factory Club** in Plano, Texas, a Dallas suburb. The 34,000 square-foot club was formerly a **Larry North Club** prior to the Fitness Factory partners taking over. After a careful evaluation of the club, Lehman concluded "the only hope was

to give the club a new image, name and owner." Lehman felt the challenge was worth the effort, so she did an asset purchase of the club at the end of 2003. She renamed the club "**NVISION FITNESS**". She had to overcome a "financial picture and back office that was a disaster as was the morale of the members and staff." For almost a year she worked with revitalizing the club and the staff and I can tell you she had the club looking absolutely terrific when I visited over the Thanksgiving weekend of 2003. She told me recently, "I don't know how I survived and managed to turn it around enough to find a buyer and was able to actually improve the club's performance significantly. I didn't have any investors or deep pockets at all and had about an \$80,000 hole to crawl out of. (ouch!). I could have let the club go out, have all the members lose their money and start over in the same spot. This would have been the easy way, but I can't stand to see that happen because every time it does, it makes those of us who *really care* and are *honest*, look bad also." During my brief

visit, Lehman and I drove a couple of miles and the folks at the new, 110,000 sq.ft. **Life Time Fitness mega-club** gave us a tour. Let me say that for Lesli to have been able to accomplish a club turnaround with that giant club 2 or less miles away is a hell of a job and I congratulate her for it. Lehman sold the club to the group that also owns the **Ranch in Ranch Valley, Duncanville A.C. and Hulen Health Club**. The new name is **The Plano Health Club** and we wish the new owners the best of luck as they move forward. In the DFW Metro market with **over 225 clubs**, Lesli Lehman paid the bank that held the notes on the club and left in good standing with the landlord as well. She says, "I always said it was the first '*happily ever after health club story in Dallas*' after a long string of failures here lately." Nice going **Lesli Lehman**. Lehman may be reached at: **Lesliannelehman@aol.com** or by calling **972.880.0297**

• **MICHAEL ROJAS**, co-owner of **Iron Grip Barbell Company**, has announced the promotion of **DONNA MCCALLUM** to **Vice President of Sales** and **SHAWNA HEALY** to

**Senior Account Executive**. **Congratulations** to Donna and Shawna!

• **HAPPY BIRTHDAY** to the one-and-only **BOB DELMONTEQUE** who will celebrate his 85th Birthday on November 11th! Bob is a 60+ year veteran of the health club industry and a guy who has been very helpful to **The CLUB INSIDER** News over the past 11 years. Thank you Coach Delmonteque from my son Justin and I.

• **MIKE URETZ**, CEO of **World Gym International**, tells me that the **World Gym Convention** will be held **March 3rd in Columbus, Ohio** with educational seminars on the 3rd and 4th. And, on the evening of March 4th, the **World Gym Banquet** and the inauguration of the **World Gym Hall of Fame** will happen. All of this of course, will be happening during the "**Arnold Classic**".

• **Fitness Management's Magazine's annual Nova7 Awards** provide recognition by your peers about the excellence of your health club or fitness business. Seven facilities are (See Norm's Notes Page 25)



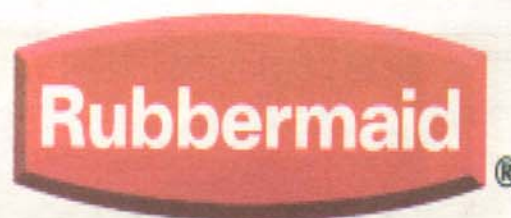
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## ...Dean Kachel

continued from page 6

San Diego area by being first with a major new development, the LifeCycle. By perfecting and bringing the LifeCycle to market, and staying away from his old, costly and headache ridden "spa" concept, Wilson's Family Fitness Center chain became one of the most successful health club chains in America. Wilson sold the 72-club chain in 1994 to 24 Hour Fitness for a deal valued at \$95 million. But, before selling, Wilson set a standard in San Diego that was emulated by club operators around the world. This author, without Wilson's knowledge, spent two days visiting 9 Family Fitness Centers in Southern California. Wilson's Family Fitness centers were extremely well equipped, offering 100 or more cardio machines per club, 5 lines of selectorized equipment and big free-weight areas packaged in very upscale and attractive, clean, well-maintained and, probably most importantly, very affordable clubs. Wilson's staff members, under the leadership of Ron Thompson and Larry Gurney and others, were terrific as well. Wilson also made the buying decision for consumers very easy by providing world-class facilities and equipment line-ups combined with very reasonable membership pricing and no long-term contract requirements. Wilson set a standard that resulted in thousands of new "big-box" club developments across the U.S. The "New Era" health club boom was on.

### *Dean Kachel's Club Survived Because He Is Mentally Tough, Got Good Advice and Followed It*

Kachel is a CPA by profession. He is great with numbers. He is at his club 6 days a week, all day long. Dean Kachel has been a hands-on owner/manager for 25 years now, primarily because over the past 10 years he has stuck to business in only one club and he has incessantly pursued new ideas, changes and improvements for his club. And, in 1994 Kachel hired an experienced club veteran as a consultant and got some good advice that dramatically improved Kachel's Quadrangle Athletic Club's chances of competing and survival. But, Kachel had a lot of catching up to do. From October 1979 until

1993, Kachel had pretty much stayed in business using the old racquetball model. In 1994, Kachel's Quadrangle Athletic Club, on the busiest boulevard in Coral Springs, Florida, was faced with a new competitor, just a few blocks away. The club was developed and built by Kachel's former Manager, Brian Homan, through the use of investor's money. The new club, About Fitness, (AF) was a state-of-the-art facility offering a large and complete array of facilities and services, including upscale fitness facilities, group exercise studios, and spa facilities. During the period from Kachel's club opening on October 12, 1979 until 1993, his club had a very unattractive dark wood exterior with the old "racquetball club upstairs entrance", dark wood interiors with poor lighting throughout and a virtual absence of colors or environmental energy inside the facility. His fifteen-year old club was "ripe for the pickin'". Clearly, Dean's club had survived in Coral Springs to that point because of Dean and his wife M.J.'s hard work, dedication and absolute unwillingness to give up.

The truth is, it is very likely that if Kachel did not make some dramatic and major changes to upgrade, update and re-equip his club, thus bringing it out of the "dark ages", his club would not have survived. Kachel's consultant was absolutely correct. The consultant told Kachel that a significant consulting session involving three long days of work would be required, and he spent three-14 hour days meeting and working with Dean. The result of that consultation was a nine-page recommendation list of facility changes, remodeling, re-equipping and staffing recommendations. Kachel followed, at great expense over a two-year period, ALL of the consultant's recommendations. Kachel hunkered down and fought the fight with his new competitor, About Fitness. Little did Kachel know that when he met the consultant he was not just facing About Fitness as future new, upscale competition. Dean completed his major overhaul and re-equipping of his club and not long after About Fitness opened, along came Bally Total Fitness with a new 30,000-square-foot facility 1.4 miles away. Then next came a gigantic and elegant Q Club right around

the corner, just 1.4 miles away. Today, the About Fitness club a couple of blocks away has changed hands and is now owned and operated by LA Fitness.

Kachel has seen three heavy duty clubs totaling over 100,000 square-feet of new, upscale competition come into his market and Kachel's Quadrangle Athletic Club still surviving and thriving today. Over the past few years Kachel's business has gotten better and better. Needless to say, it was a darn good thing Dean Kachel decided to get advice and act on that advice aggressively. Otherwise, I doubt that I would be writing this 25th Anniversary cover story here today. But, I have got to give Dean Kachel credit for three traits: 1) He is always working with and helping his members. 2) He is extremely good, being a CPA, at money management, forecasting, capital improvement planning and dealing with every imaginable idea to generate new revenue streams. 3) He has shown a tenacity and an absolute dedication to his business for 25 years, the likes of which very few club owners will ever muster.

### *An In-Depth Interview With 25-Year Veteran- Dean Kachel*

This case study of the 25-year history Dean Kachel's Quadrangle Athletic Club is intended to help any and all club owners faced with similar situations and market conditions. However, any club owner out there, successful or not, will benefit from the following interview with 25-year veteran club owner and operator, Dean Kachel. And, Kachel's "Top 10 List For Club Survival" is a gem packed full of insightful, hard-earned experience. (See sidebar on this page).

This interview is provided in Dean Kachel's own words. Read it. Enjoy it. Learn from it. And act upon what you learn, and you will enhance your club's ability to stay in the game no matter how tough and intense your local competition may become. Dean Kachel has done a great job for all of his members, and he and his club are assets to his community. Read on.

**Q.** Dean, where were you born, raised and educated?

**A.** I was born in Philadelphia, Pennsylvania and our family moved to Montgomery County, Pennsylvania. I went to Drexel

University, using the co-op program whereby you work six months and go to school six months over 5 years. I graduated Cum Laude with 4.0 in accounting - 2<sup>nd</sup> in my class. I won the Mel Talus CPA Award, which provided free tuition for the "Cram Course" for the CPA exam.

**Q.** Where did you first become employed as a CPA?

**A.** Upon graduation, I went to work for Peat Marwick in Philadelphia; passed the CPA exam on the 1<sup>st</sup> try within first year of graduating.

**Q.** You are dedicated lifetime racquetball player Dean. Why do you love racquetball?

**A.** I started playing in 1974 in Pa, then in Tampa I picked it up again in 1976 when Tampa Bay Courthouse opened (sister club to Suncoast Courthouse - which

I eventually bought in '91). The reason I love the game is simple - it is competitive and great exercise. While we have almost a half million dollars invested in equipment at the Quadrangle Athletic Club, the only exercise I do at the club is play racquetball. I play 4 times a week, for approximately 2 hours each time with several charter members, who have been here all 25 years. We play mainly doubles, although I usually play singles in tournaments.

**Q.** Tell me about the aspect of your career and your devotion in your club to promoting racquetball and racquetball competition of all kinds?

**A.** In the early days, we had 12 courts and peaked at 56 racquetball leagues a week. In '82 we held the State Championships (See Dean Kachel Page 12)

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## ...Dean Kachel

continued from page 10

with over 300 entrants. In '87, we hosted the State Doubles. This year, we held the S/E Regional Singles, a Women's Pro Stop, combined with a Legends event, Paddle Ball and regular amateur event, with over 225 players. We held three IRT events over the past few years, and the State Handball Championships over the past 2 years. We have regular challenge courts every week and I have adopted ideas like the Racquetball Shuttle from Mary Alonsi in Denver.

Q. How many tournaments do

you think you have hosted over these 25 years?

A. Well over 100. For over 7 years in the early '80's we held an annual tournament to raise money for Cerebral Palsy during their January telethon. In combination with the event, we had a Saturday night auction. We've donated over \$50,000 to Cerebral Palsy over 7 years. Most of our events have been held in conjunction with a Charity - Children's Home Society(3); Diabetes (5); Ronald McDonald House (3); Breast Cancer Research (4); American Cancer Society (4), and many more, raising in excess \$150,000 over the years.

Q. Now that you've gone through these years, if you had a chance, would you change anything you've done with respect to taking courts out, conversion to fitness, etc.?

A. That's a tough question. It is all about timing and opportunity. I remember in 1994 when we had taken in over 2,000 members from another club. We had no choice but to take out 2 courts to accommodate the influx. While it pained me to do it, we knocked down the courts in one weekend and put 3 lines of equipment in the area. That took us down to 4 courts from 12 originally, and it was tough to juggle. Soon after we did that, Bill Higgs from Shula's Athletic Club in Miami Lakes announced that he was taking out courts. I asked him if he could save the back wall court glass for me just in case I might add back any courts and Bill held them in a tennis shed for 2 years. I went down and picked them up (6 panels worth \$1,000 each) in my motor home and brought them back to the club. In '97, sure enough, after a year of planning, we added a 2250 sq ft aerobic room, moved the equipment to the old aerobic room and added back those 2 courts, with Bill's glass, giving us six courts again. But, I am always adding improvements, so as recently as 3 weeks ago, I removed the glass from court 6 and put weights on the court, enabling us to add an 800 sq. ft. Pilates studio, which opened in October. I am also considering the possibility of adding a Pace Circuit next year on the other court, if we get the number of seniors from the Silver Sneaker Program (from Humana). While that would hurt our ability to do future tournaments, we are doing what is necessary to run a successful business.

Q. What do you predict about the future of racquetball in America?

A. I am not the optimist to ask that question. We are hosting our 25th Anniversary event in late October and a Legends event in February. When we received the mailing list from the USAR recently, it was disturbing to see the total number listed in Florida at 700, down from 1000 just a few years ago, and way down from 1700, ten years ago. While Marty Hogan and his group (Legends Tour) are doing a terrific job in striking up the competitive spirit, there is still a grass roots problem of getting women and children to play the game. In our tourna-



**QUAD - Spinning Room**

ments, 90% of the entrants are adult males, compared to 50% when I opened the club in '79. While I hope to be playing the game into my 70's, I am not optimistic about the health of the game.

Q. How did you get involved initially, in the racquetball club business?

A. In 1978, after moving from Tampa to Coral Springs, Florida with a promotion by employer Alco Standard Corporation (now Ikon) as the V.P. Finance for an operating group of 13 divisions, I continued my search that I had begun in Tampa for a "tax shelter" investment. After dismissing self-storage, strip centers, bowling alleys and a few other more mundane investments, I investigated the prospect of leasing 4 portable racquetball courts to a group who had recently bought a tennis facility and was looking for investors to construct racquetball courts. After putting a group together and negotiating a lease back, the tennis group decided they would go it alone, using a leasing company to fund the racquetball courts.

After spending the time on this project, I reformulated the investor group; investigated other sites; and ultimately built a free standing 12 court facility called The Quadangle about 3 miles from the tennis club, opening October 12, 1979.

I built and opened the Quad Club before the tennis club finished their 4 racquetball courts. They ultimately went bankrupt and I made the first of several moves in my career that were big mistakes. I purchased the tennis club and racquetball courts in 1981. The racquetball courts were demolished a year later due to termite infestation. In

1984, while owning the tennis club and our Quad racquetball club at the same time, I made another error. I designed, invested in a 50% interest and operated a 6000 sq. ft.- fitness facility called the "Executive Spa" in a local 200,000 sq ft office building. The contractors who built the office building were our partners and their objective was to offer memberships to the tenants. Unfortunately, these guys were high flyers with a Savings and Loan that eventually went belly up through speculative ventures in the late 80's. While we were building the Executive Spa, I also partnered on a racquetball club in Ft Lauderdale, which had gone bankrupt in 1985. We operated it for 1 year and were confronted with a 52% increase in the base rent via the assumption of the original lease, which had a cost-of-living-clause (COLA) clause that saw the highest increase due to the inflation and recession of the early 80's. The decade of the 1980's proved to be my decade of bad moves.

I did not renew the lease and I wound up defending a personal guarantee that took 5 years to win. Shortly after this, I realized the office developer partners were about to go belly up and I exited the Spa in 1986. Shortly after, I developed a plan to sell our original building (Quad) and was planning to consolidate everything at the tennis club on Wiles Road (The Quad Tennis Club). There were uncommon partnership interests between the 2 projects, but after meeting with all partners, they agreed it was the right thing to do. Within 2 weeks, after announcing the agreement to the members at both clubs, the California partner and the local (See Dean Kachel Page 14)

## Ten Ways To Survive in Business

1. **Own don't rent.** If at all possible, you should attempt to own the space you run our business from. Of the five businesses I have been involved with, the three that were leased all failed due to rental considerations.

2. **Avoid partners.** Whenever possible, the only partner you might want is a spouse. Every joint venture I had broke down over the years due to differences of opinions on how to operate the business.

3. **Run your club as a business.** While many get into the health club business for the wrong reasons (i.e. they "liked" lifting or playing racquetball, etc.), the business can only be successful if you see it like any other business. Planning, budgeting and staffing are all essential elements in the process.

4. **"The customer is always right,"** even when they are wrong. While we all have those days, you must be able to listen to any customer complaint or suggestion and respond in an affirmative way even if you cannot satisfy their need.

5. **Be on the lookout for opportunities at all times.** Whether it is a new piece of equipment, a new type of class, or the chance to absorb a competitor, you must be examining all avenues to expand your business.

6. **Compensate your staff fairly.** While we are a small independent club, we must be competitive in rewarding staff for a job well done. We have the following examples of retaining staff: aerobic instructor here for 21 years; fitness director- 8 years, front desk staff-average almost 2 years; nursery staff- 2 were here over 13 years, current here over 3 years; controller- 11 years; aerobic director- average over 4 years.

7. **Maintain your operation!** Whether the daily cleaning or repairing a broken treadmill, it all leaves an impression with current and prospective members. While most club owner won't subscribe to this theory, it is not uncommon for me, my wife, or daughter (our manager) to be seen trimming; painting the interior; moving equipment; or running the vacuum cleaner.

8. **Never be satisfied with one quote.** Whether you are shopping for financing the club equipment; buying computers or paper towels; or getting an estimate to repair something; I always get 2-3 quotes. Recently we received 3 quotes for drywall work- \$3,800, \$4,600 and 5,500 is a significant difference- all were reputable and had worked for us previously.

9. **Be prepared to tighten your belt.** Over 25 years, we have gone through 3 recessions; seen interest peak at 19% and have had every major chain attempt to put us out of business. You need to be prepared to trim payroll, cut overhead, spread out payments, refinance and respond to the financial constraints that will be required to weather the storm. By the way, we just saw 2 hurricanes in September cause a 50% reduction in new member versus last September, but we have managed the crisis through various cutbacks and expenses.

10. **Never give up!** If you have principles and believe in them, fight for what is right. Whether it is a competitor undercutting you on price; a taxing authority raising your taxes 47% or a building department putting up one obstacle after another, you need to defend your position. And with a little luck, you too can survive 25 years in this crazy business.



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## ...Dean Kachel

continued from page 12

investor backed out of the deal!

My wife and I were the only on site-management and we no longer felt comfortable at the tennis club. We were embarrassed by the decision. We gave the keys to the tennis club back to the property owners and entrenched ourselves at the Quad. It took over a year for the legal aspects of this departure to be worked out, whereby we gave up our 20% interest in the tennis club and bought the partners out of the Quad in January '88. Within months, the tennis club was sold to the School Board of Broward County and the facility was leveled.

**Q.** So, after doing that, you had learned your lessons from your "decade of mistakes" and you then just stuck to business in the

Quad in Coral Springs, right?

**A.** After saying I would never get involved in another club and not being satisfied to have learned from my multiple mistakes, in September 1991, I went clear across the state and bought the Suncoast Courthouse, which was going bankrupt at the time. I was friends with Tom Murray, the owner of the club, for years. The Suncoast Courthouse facility was very much like my Quad club before all of our changes and improvements and Tom was losing the battle and the club due to competition with Bally who had built right down the street from him.

Once again, I made the mistake of having a partner, in the Suncoast Courthouse. I convinced a good friend of decades to buy the building and then lease it to me. My friend purchased the building and land for \$475,000 - 1/3<sup>rd</sup> of its tax

assessed value. We subleased two spaces to a physical therapist and a hair salon, generating 80% of our rent payment from those two parties. After spending over \$100,000 on improvements and equipment, we reopened the club in 10 days with 500 of the 1300 members paying regular monthly dues rates. It was very difficult to convince the rest of the members they had to pay monthly dues, since the majority of them had already prepaid the previous owner and were hostile to our monthly dues charges as the new owners of the club.

From October 1991 until early 1994, we rebuilt the client base to almost 1400 and solidified our financial structure with the tenants. In April '94, the therapist who had a multi-year lease, decide to sneak out in the middle of the night to another location. He was in the midst of a divorce and was trying to cut expenses. We got an injunction requiring him to pay to the court \$4000 a month until we resolved the suit. Since the loss of the therapist tenant lease income of \$4000 per month represented a large percentage of the rent to the landlord (my friend of 18 years, who had been getting a 13% return on his money), and I were in the midst of a war with a new club back in Coral Springs that was requiring us to use our funds for major renovations, I asked my friend if his rent could wait until we prevailed with the injunction/suit.

That didn't please him at all and within a few days, my now "former friend" brought his attorney to the club office and demanded all rents. (It is no wonder that I no longer have partners or landlords). It got messy quick. I tried to find a replacement tenant, but was not successful. My former friend, now hostile landlord, was working at the same time to install the manager I had been training for three years as a replacement tenant and was attempting to evict us. It was at around this time that a life changing event happened. Our closest friends in high school back in Pennsylvania had lost their daughter, son-in-law, and 13-month-old baby in a tornado. Upon receiving that very sad news about what had happened to my friend's daughter and family, I immediately jumped in my Cessna 172 in St Petersburg to return home and my wife MJ, drove our RV back to Coral Springs. We immediately took

our kids and drove 23 hours to Pennsylvania to be with our friends and to attend the funeral of the family of our closest friends from high school.

Within 2 weeks after that, I sold the Suncoast club in Clearwater for virtually nothing to the manager there and left Clearwater. Our family agreed life is too short. We redirected all our efforts to the success of our original investment, the place we call the Quadrangle Athletic Club.

Since then, six local, smaller health club operations have failed and we have taken over their members in cooperation with the owners of the clubs. We absorbed members from: Coral Springs Fitness 1994; Coral Springs Fitness and Aerobics, 1995; Roni's Gym 1996; World Gym, 1999; Spa Lady, 2000; and the Lord's Gym, 2003.

**Q.** So, after spending 15 years making a number of bad judgment mistakes you finally settled in and focused on building your business in just one place, right?

**A.** That's right! It was about time!

**Q.** What year and at what point did you conclude that you would have to become involved in a different business than a racquetball club?

**A.** I decided to acquire a line of Nautilus and a few Lifecycles. I converted a small space between the locker rooms for my first exercise area in 1980. I visited Deland, Florida, where I met Joe Cirulli, who was buying and installing more and more Nautilus and cardio equipment in his club. I also met the inventor of Nautilus (and also MedX), Arthur Jones, who gave us a tour of his snake collection and alligator den. And, I met Augie Nieto, who brought his yellow and blue Lifecycles in the back of a truck to the club in the early years of Lifecycle before he started Life Fitness.

**Q.** Dean, at what point did you conclude that you needed to provide much more fitness space and actually begin to convert racquetball courts, instead of other club space?

**A.** Actually, looking way back 25 years, right after we opened in 1979, it didn't take much time before we began to use racquetball courts for other purposes without converting the court. In the first year we were open, we sold 72% of every court hour; had 200 players at our first In House Tournament; and were doing a \$10,000 a month in the

lounge /restaurant. But, within the first three years, we began providing aerobics classes on court 3; moved the Nautilus, etc. to court 4 without much cosmetic change. It was also during those early years that we became tied to a prime plus loan for our mortgage, which peaked at 19% in 1982, before we refinanced with a negative amortization feature at 15%.

**Q.** Dean, when did you learn about the new competition, About Fitness Club, being built?

**A.** In 1992 - 1993, we had an ex-manager, Brian Homan, building a competing facility 1/2 mile away. Homan funded the club with local investors. Somehow, Homan had the added advantage, which we can prove, of having our membership mailing list. He also hired away six of our key employees.

**Q.** What was your next move?

**A.** I hired a consultant to help me review my situation and develop a plan of attack to stave off the new competitor in town. It was also at this time, I negotiated the take over of a smaller club that was closing to help offset any losses we might sustain from the new club. The club had 2,000 members and \$300,000 in receivables, and it was helpful to have that boost at that time. My consultant spent three 14-hour days working with me and he made a 9 page list of recommendations. I followed my consultant's recommendations to a "T". After that, I have continued to make many more improvements and changes in order to keep up with all the competition we now have from Bally, 24 Hour Fitness, LA Fitness and now, another club Brian Homan is allegedly building, "About Family Fitness".

**Q.** Since you made your club's major exterior and interior renovations and changes and added a huge amount of new cardio and strength equipment, how has your club performed?

**A.** Since we did the renovations, we have been able to effectively compete with not only About Fitness (now LA Fitness). We've also held our own against Bally Total Fitness (1.5 miles away) and 24 Hour Fitness, (1 1/2 miles away) which took over the big Q Club.

After the work we completed in 1993 per the consultant's recommendation, (See Dean Kachel Page 26)

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# Under Promise/Over Deliver

By: Karen Kirby

I love the fact that the health club industry is growing by leaps and bounds. It seems as if there are new clubs and studios opening on every corner of America. Hopefully this will help us in two ways.

- We will come closer to helping our friends and neighbors experience the incredible benefits of a healthy lifestyle

- More health clubs mean more competition and more competition brings us closer to excellence.

No one wins when you compete solely on price, so I urge you to try to beat your competitors with customer relations. I've heard my mentor, Bruce Hendin, founder of Racquetball & Fitness Clubs of San Antonio, say a million times – "People quit clubs, they don't quit relationships." Every thing you do in your club to build positive relationships and create positive interactions with your members is a HUGE step in the right direction.

One of the most important concepts that must be at the core of your vision, your values and your staff training is the idea of "under promise and over deliver." The evil twin of this notion is "over promise and under deliver" which should be avoided at all costs.

Many years ago I read some statistics on why customers quit. The number one reason offered: their perception of not having been helped or appreciated. That

word – perception – caught my eye and got me pondering. Were they suggesting that perhaps it wasn't that a person hadn't been helped or appreciated, but that the person had not *perceived* that they had been helped or appreciated? Now my brain was really churning. These are the questions that popped up immediately.

At times are we able to help our members, but leave them feeling unappreciated?

When we cannot help them, can we at least leave them feeling appreciated?

What are the things that control the way a member *perceives* a situation?

How much power do we have over controlling our members perception of our service?

Is your brain hurting yet? Boy, mine was until I read *Service America* by Karl Albrecht and Ron Zemke. After understanding their thoughts on "under promise and over deliver", I could finally grasp how easy it can sometimes be to influence a member's perception of service and, more importantly, how many times we create poor customer service scenarios from lack of our own awareness.

Let's think about some of the promises we hear every day in our clubs that sometimes create ill-will among our members.

➤ "The club is rarely this busy on Monday nights."

➤ "The whirlpool should be working by tomo-

row."

➤ "Of course, I can get you into see a trainer today."

➤ "Stick with me and you will loose that extra 30 pounds faster than you ever imagined."

➤ "Stop by anytime. I am sure someone will be available to show you around."

➤ "I am glad you want to go forward with the interview process. You know, most of our good sales people make close to \$70,000 a year."

➤ "I am sorry you have not received your referral gift. I will tell the manager and I am sure she will take care of it TODAY."

Simple right? How many times do we foolishly make promises about price, discounts, programs, instructors, equipment or time issues, because we hate to disappoint our members? Because we want to avoid what potentially might be a bad situation and because we want so very much to say what our members want to hear, we over promise, cross our fingers, and hold our breath not realizing that we've made a huge service error.

You will be delighted when you explain this concept to your team and watch them light up with understanding. Empower your people to become responsible for creating positive service situations by simply thinking before promising. By choosing to be extremely realistic about what we say to our members, we can have more control

about what they are expecting. Challenge your group to report back to each other the creative ways they are able to make a promise and deliver on it. As this concept takes form and makes sense you will observe yourself and your staff taking control of service dilemmas instead of being overwhelmed by them.

**Hint:** This works great in your personal life, the next time someone ask what time you will be home, add on 30 minutes to when you really think you can be there. Even if you are 10 minutes late, everyone will be delighted that you are 20 minutes early!



Karen Kirby

(Karen Kirby can be reached at: (210) 884-2620.)

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# Squandering Sales Opportunity's Is A Sin!

By: John M. Brown

Without a doubt, the most troubling real, day-to-day problem facing the club industry is not that we don't have enough customers, but the true and incontrovertible fact that we "waste" or "miss" the opportunity's that exist right in front of our noses everyday.

With all the talk about 100 million members by 2010 and guru after guru pontificating about why we will or why we won't reach that milestone, has anyone stopped and looked around to actually see what is occurring in clubs day after day? As a professional advisor, better than average observer and one of the best critical analysts around, I can tell you that a lot of the 100 million members we want and seek are slipping through our fingers like sand.

If you don't believe or heed one other thing in this article, believe this, because most of the time this advice costs lots of money to get and in general is probably given more than any other.

1. More people don't join your club than do join your club.

2. The "failure to recognize" sales opportunities in clubs is "pandemic"

3. Most, I repeat, most clubs today do not habitually "reconcile" even their most basic telephone inquiry and guest records at the end of the day. This fact also adds to the reality that

most clubs "can't" reconcile their prospect records for a plethora of reasons and excuses.

4. Most clubs' actual records of the basics, meaning the records about who called today wanting information about the club and who actually came in today to visit the club, are either non-existent, incomplete, illegible or worse, the information never made it onto the records in the first place!

5. On at least a 3:1 ratio, more sales opportunities are lost, ignored, misplaced, mishandled, or just plain pass you by than are ever "made" or "converted"

6. Because sales managers and sales people are so busy with work in their offices, they think nothing is happening or worse yet, they think everything is "under control". Trust me, everything is *not* under control. Here's a hint. Get up out of your chair right now and go inspect, review and reconcile whatever "Master Appointment" system you have or use. Go do this right now and then come back and read the next sentence that follows here. Now tell me, can you actually reconcile your "Master Appointment" book? Are there any appointments on it? If there are appointments, is the information written down specific? (Name, phone, time of appt, staff initials)? Are the appointments on there even "real" or are they just "phantom appointments" to keep from getting yelled at or "hope and prayer" appointments? I rest my

case.

7. Because of some, if

not all of the above, many club owners, managers and operators have acquired what I describe as a "rationalized" vocabulary. For a full day, just one full day, write down what you said every time you find yourself or your staff saying the following:

- "I'm not sure."
- "I don't know."
- "Let me check."
- "I can't tell."
- "What guest?"
- "Which guest?"
- "What TI?"
- "Which TI?"
- "They didn't (join, make an appointment, etc.)"
- "I forgot."
- "I don't know what happened."
- "I don't know where they went."
- "I lost them."
- "I never talked to them."
- "I don't know who that is."
- "I can't remember."
- "They must of just walked out."
- "They weren't really interested."

You get the idea. If your yellow pad is not full by the end of the day, then either you're not being honest, or you're running one hell of a tight and profitable operation.

8. Because of some, if not all of the above, many of you don't "know what you don't

know". This makes you powerless to do anything about it because you have to deal with conjecture, guessing, rationalization and confusion instead of facts.

The "sin" lies in the fact that the above is the "rule" not the "exception". The sin is that many or most of you have your "ass in the sling" and you're not able to reach or achieve your goals or even your needs. The real sin is that we are squandering "real people" and the privilege of dramatically changing, enhancing and positively affecting their lives and the lives of those around them! The money is "in the people" not the "people in the money". I'm going to quit preaching and give you some practical, "use today" guidance that will not only improve your free cash flow position, if done well and more importantly, consistently, will sustain you through good times and bad.

1. If you don't have a "system" then get one. The simpler the better. But get one.

2. If/When you get a system, then USE IT! If your system isn't working, remember that most times systems work "if the people use the system."

3. Quit accepting excuses and guesses as answers to questions you ask that should have *direct, timely and exact* answers. Remember that these are "people" we are trying to help and keep track of, not "pork bellies" or some other

commodity.

4. If your records are not complete, legible, up to date and timely, then you don't have any records! Strive to be different! Most club record keeping is a contradiction of terms, kind of like "government intelligence". Some day when you may want to sell your club or retire, remember that people (excluding stupid people) only pay you for what you can prove, not what you "think".

5. Reconcile your records every day! Just like a bank. Are they complete? Are they exact? If not, then they're wrong!

6. For the love of God, if people don't join your clubs, at least know *why*!

7. Make your staff accountable for their time. Train them, teach them, coach them. But make no mistake, they won't *manage themselves*. If they are not producing, then it's your fault! Get them out of their offices and show them how, where, when to find and convert sales opportunities occurring right now in your club.

8. Check, recheck your systems, controls, procedures and the people who are supposed to be using them. Get out of your office and watch, observe, listen and see for yourself. If you lead from the front they will follow you. People who lead from the rear get results that are at best, average. Work to improve your awareness and conversion of all "sales opportunities." Don't settle for the standard "they don't count" school of thought. They all count!

Finally, don't succumb to the everyday numbness of dealing with people to the point that you ignore the individual's extrinsic as well as intrinsic value. It is in seeing and reaching each individual that true wealth is created.

(John Brown is a nationally known consultant, speaker and author. A club industry veteran of over 25 years, he owns, operates, manages and consults with over 80 facilities across the USA and South America. His company, PCM Fitness Inc. is a leader in training, managing, funding and developing clubs. PCM has been in business over 15 years. John may be reached at 281-894-7909 or email PCM4life@aol.com)

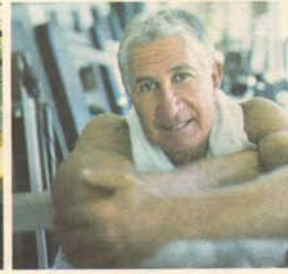
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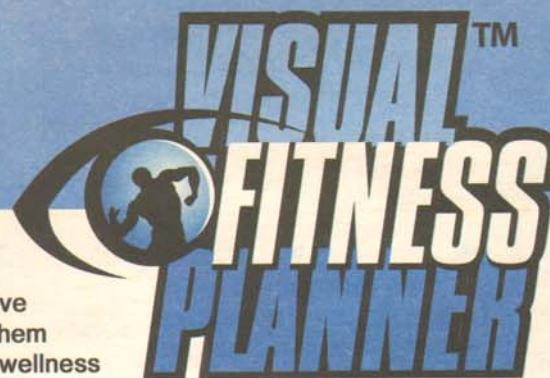


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# The WEIGHT Can Be Over...

## For You and For Your Members!

By: Donna Krech

Someone has been coming to your club for a very long time and is still carrying weight they'd like to lose. Right? Actually, it's probably more likely that it's many someone(s). You probably even know who they are. They've come to you wondering why they're not losing weight; they've asked you to tell them what to eat. The facts are simple. While our country is slowly, but surely realizing all the benefits of a fit lifestyle, the highest percentage of members who join fitness clubs still do so because they want to lose weight and/or reduce sizes in their clothing. Yet, they don't accomplish this goal... or they don't accomplish it until a very long time has passed.

Ellen Crawford was a member of a Ladies Workout Express in Michigan. She lost 9 pounds in 10 months. Then she added a balanced real-food, pyramid-style-of-eating weight management program and she lost FIFTY-FIVE POUNDS AND 63 INCHES in the next 5 ½ months! WOW!

In a multi-purpose coed club in Canada a fitness trainer carried 60 pounds of extra weight. He'd worked in the club for 3-4 years. He worked out regularly, but couldn't lose the weight. He enrolled on a healthy, well rounded eating plan the club owner licensed and the rest, as they say, is history! He couldn't believe the results! He told us he had never been able to lose weight and was now losing it at an awesome pace, eating all his favorite foods. He lost it because a real-food-based eating plan was instilled, and the missing component he needed was found.

In Detroit, Michigan members who'd been visiting a Personal Training Studio regularly, but not losing the weight they'd hoped to lose, began losing when a correct nutritional plan was put into place. The owners of the studio realized the need in their members' lives, as they watched people exercise and still not lose weight, and went in search of the right program. The result was better results for the members and double income for the owners!

In Evansville, Indiana. Tri-State Athletic Club, an enormous TCA facility, had many members who worked out religiously and still carried extra weight. When a nutritional program using all grocery store food was added, they began losing the weight and are enjoying ALL the benefits of a healthy life now. The stories are stories of lives transformed. Losing weight changes a person, the way the world sees them and especially the way they see themselves. They gain self-esteem and worth that will just amaze you and your team once you begin plugging it in.

The facts don't lie, exercise alone isn't the answer. I understand that you and I work out often. So often probably, that we don't think much about what we eat. No rocket science there, we started 'at goal', and our metabolism burns fat because we have muscle mass and do cardio work in order to burn fat. Well, that's pretty much the key to keeping weight off, but not to losing it. Losing it involves adding more than just exercise. Not convinced? Ask the members. You and I simply can't allow ourselves the luxury of giving our fitness-freak two cents worth. We need to see what real folks are thinking. A list of questions for your members is shown below. Feel free to copy and distribute them or use them to create your own poll.

The answers to these questions will help you make a prudent business and further health-improving move. You'll find many of your members have been working out for a long time. You'll find they may even have been members in your location for years. You'll discover they've shed

miniscule amounts of weight over the past 6 months, if they've shed any at all. You'll find many want to lose at least 25 pounds and most will want to lose more than that. They have tried everything! And they're TIRED of things that only work temporarily! They've tried of low fat, low carbs, low cal, low dinner, high breakfast, no meat, only meat, blood work, EKG's, blah, blah, blah!! They want a solution that will last! All will say they've lost weight at some point and will most likely admit to you that it was done outside of the gym, or certainly not with the gym's help alone. Now, what do you do? You provide the solution!

Your members are asking you to help them. They want to lose weight and the local dietician you've gotten into the club isn't motivational or fun. The group nutritional program you started made a little money, but the members don't really stay with it and they'd prefer the coaching be one-on-one. The Weight Watchers group you got involved with is willing to meet there, but there is no revenue



Donna Krech

for you! Well, there's an answer! In the examples given above owners profited... that's *NET* profited, anywhere from \$2,000 to \$8,000 a month adding weight loss programming to their club! If you'd like specific numbers, call us. We have permission to share them.

Wait, there's one more perk! (In the TCA location I mentioned, folks who've joined from the outside (not club members) specifically because of folks we are enrolling that want weight loss, are also joining the clubs! Isn't that what it's all about, (See Donna Krech Page 21)

How long have you been exercising? \_\_\_\_\_

How long have you been exercising at our facility? \_\_\_\_\_

How much weight have you lost in the past 6 months? \_\_\_\_\_

How much weight would you like to lose in order to be at your ideal weight? \_\_\_\_\_

When attempting to lose weight, what do you usually try? \_\_\_\_\_

Have you ever lost a significant amount of weight before? Y N

Have you ever done so using exercise alone and not watching what you eat in some way? Y N



## ...Donna Krech

continued from page 20

providing a solution that will last? Do your due diligence. You will not find any credible piece of research that says exercise alone (or diet alone for that matter) will permanently solve someone's overweight issue.

Be a part of the solution. Adding a strong weight loss component to your club makes sense. Bringing in members from the outside makes money and sense!

Go ahead, go on, go ask your members. In the time you spent reading this article a group of them has been talking about what they're going to do to get their weight under control. In the time it took you to read this, a good weight management organization can tell you how to make a lot of money and a big difference by adding weight loss programming to your club. By the way, we at Thin&Healthy are here to help if you choose another program as well. It's one thing to know weight loss, it's another thing to know the weight loss business. We've been in the weight loss business since 1982.

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

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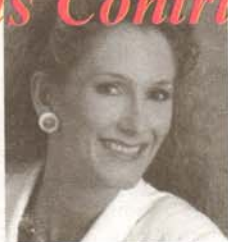
## This Month's Contributing Authors



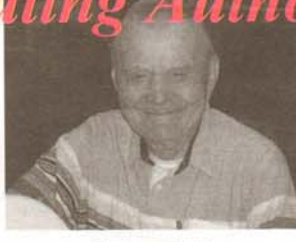
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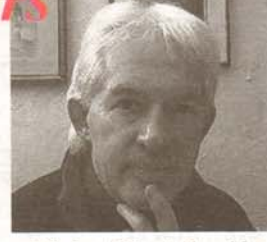
Karen Kirby



Donna Krech



Dale Dibble



Michael Scott Scudder



## "small is GREAT!"

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

By: Michael Scott Scudder

### "WHY YOU HAVE TO RE-INVENT YOUR BUSINESS—NOW!"

#### Part I of III

I seem to run the risk of sounding like the nay-sayer of the health and fitness industry. I have even been told that I'm like "the boy who cried wolf."

But I try to tell it like I see it...and not sugar-coat this business like so many of our industry magazines do...and I'm grateful to Norm Cates for airing my views. That's what good publications do – they present the alternatives and opposites.

After 29 years in the trenches of health club operations, after 14 years of consulting and advising over 400 clubs throughout the world, after interacting with over 5,000 owners and managers in seminars over a dozen years...I've learned to be both an observer and a trend interpreter...and I've witnessed something in the past couple of years that gives me cause to devote this column to it for the next three issues.

**I firmly believe that you small entrepreneurs need to re-invent your businesses...and you need to start doing it NOW!**

There are five basic reasons why:

1. Health club memberships (for-profits) in the U.S. are going to top out in this decade. We will not be able to rely on membership as the staple of our business.

2. The average for-profit club is already experiencing reduced market share of memberships.

3. There is a current over-saturation of health clubs in many marketplaces.

4. Big players will continue to take more of the market share.

5. "Membership" will not be the key to the medical-referral business about to enter this industry.

**HEALTH CLUB MEMBERSHIPS (FOR-PROFITS) IN THE U.S. ARE GOING TO TOP OUT IN THIS DECADE. WE WILL NOT BE ABLE TO RELY ON MEMBERSHIP AS THE STAPLE OF OUR BUSINESS.**

We have been on a tremendous, exciting membership growth curve in the past 15 years, but there are clear signs that the curve is not only slowing down, it is subsiding. Despite industry publications which state the contrary, let's look at some facts:

- The present total health club membership in the U.S., according to IHRSA, is just about 40 million.

- Of the above number, over 18 million are not-for-profit members!

- Membership growth in the not-for-profit sector has tripled in the past 15 years!

- Membership growth in the for-profit sector, according to my calculations, has gone up 144% in that same 15 years – certainly not to be sneezed at – but not nearly the growth rate of not-for-profits.

- The annual membership growth rate of for-profits since 1990 has been slightly less than 10%...in the same time frame the annual membership growth rate of not-for-profits has exceeded 20%!

- According to the most-available membership statistics, our industry has sold some 130+ million memberships in that 15-year time frame...yet we have only 31% of those memberships active at present!

- What has happened to some 90 million memberships? Even factoring in "not-really-new-but-renewal-memberships" at a generous 30% of total, nearly 50 million people who purchased health club memberships no longer have those memberships.

- The frequently-heard statement from industry leaders that "there is 87% of the population still available for health club membership" is a hoax!

- Consider first that nearly 30% of the U.S. population – almost 90 million people – will never be buyers (due to indigence, recent immigration, age [too old or too young], infirmity due to illness, and economic conditions).

- Bear in mind that another 90 million either are presently members or were members.

- That leaves – AT BEST – 115 million people left in the mix. Predictably, if our membership sales history is any

indicator of what is to come, only 14% of them will join clubs in the remainder of this decade. That is only 16 million potential new members in the next few years!

- The very strong possibility is this: combining our annual membership attrition rate of nearly 40% with the above numbers, the total number of health club members in the U.S. within the next few years will top out at just about 50 million!

**THE AVERAGE FOR-PROFIT CLUB IS ALREADY EXPERIENCING REDUCED MARKET SHARE OF MEMBERSHIPS.**

Growth of an industry is a wonderful thing – *maybe*. Bragging rights are certainly in order for a business that has doubled its constituents in 15 years and outpaced that growth with triple that expansion of the number of facility offerings.

However, let's look between the lines.

- The approximate number of health club facilities of all types in the U.S. in 1990 stood at about 15,000...roughly divided 80%-20% for-profit and not-for-profit, respectively (about 12,000 for-profits and 3,000 not-for-profits).

- In 1990, for-profit facilities averaged about 750 members per club. Not-for-profits averaged approximately 2,000 members per club. In 2004, by my estimate, there are 25,000 for-profits and some 10,000 not-for-profits in the U.S.

- Presently (autumn 2004), for-profits average about 800 members per club, while not-for-profits run at almost 4,500 members per club.

- The net membership growth-rate-per-club of for-profits is up just 6% in 15 years...while the net membership growth-rate-per-club of not-for-profits is up 125% in the same time period!

- For-profits are "net growing" membership at about 4/10 of 1% per year...and that number is dwindling.

- Not-for-profits are "net growing" membership at a rate of 8%+ per year...a very steady, solid growth curve.

- Recently-published numbers show that the introduction of new for-profit facilities in the past 5 years

exceeds 5% per annum...or over 1,000 new clubs per year.

- Even factoring shut-downs of failing clubs at 2% per annum (or about 400 clubs)...the net growth of new facilities exceeds 3% annually – while net membership growth is less than half a per cent per year!

- Further examination of the "broader health and fitness industry" reveals that there are more and more "vertical market" possibilities in which the American consumer may choose to participate, among them personal training studios; group-classes-only facilities; military installations; condo, co-op and gated-community clubs; and senior and retirement residences.

- What must be anticipated is that these types of offerings most certainly will dissipate our membership numbers in the near future...probably by as much as 5% (or 2 million people).

What has become readily apparent is that attrition, present overbuilding of facilities, and diversity of fitness offerings have created the beginning of the "crest of the curve" relative to domestic memberships in for-profit clubs. If recent history of other capital-intensive and high-service-cost industries is any indicator of what we may be looking at relatively soon in our business, five early conclusions can be drawn:

1. There will be a decrease in the number of for-profit fitness facilities within the next 3 years. A reasonable expectation is a correction (or lessening) in the number of health clubs by at least a 10% factor – or some 2,500 to 3,000 clubs nationally.

2. Not-for-profit facilities will continue to experience a continued healthy growth rate well beyond the time that for-profits start to decline.

3. Membership numbers per average club will soon drop... then may grow again when hundreds of clubs close their doors...but the low-price bigger-box clubs and the category-killers stand to benefit more than the independent operators.

4. Depending on the domestic economy, attrition in thousands of clubs may become an even greater problem, because



Michael Scott Scudder

members may move away from commercial clubs and gravitate towards vertical-market offerings.

5. Those clubs that now depend on membership revenues for the core of their operating dollars are in for nasty surprises in the very short-term future.

Next month the second part of this series will discuss the current over-saturation of health clubs, takeovers of the big players and the emerging medical-referral market. In the final part of this series, we will look at the opportunities presented by this phenomenon in our industry.

Until next time - Michael

(Michael Scott Scudder, a contributing author for "The Club Insider News," and the subject of the January 2004 "Insider Cover Interview," is a three-decade veteran of the fitness industry. He heads **FITNESS FOCUS**, a club management training company based in Taos, New Mexico, offering private seminars and regional-city 1 1/2 day intensive workshops on fitness business matters. This year's tour subject is "Building A Goldmine Personal Training Business." Michael can be reached at 505-690-5974, by email at [mss@michaelscottscudder.com](mailto:mss@michaelscottscudder.com) or at his web site, [www.michaelscottscudder.com](http://www.michaelscottscudder.com). Comments and questions are welcomed and encouraged.)

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# The POWER of the Internet

By: Dale Dibble

I got so enthused about how the "Power of the Internet" was helping our 930 Bentley Village residents live a more fun filled life coupled with my experience in the club business at Cedardale Athletic Club where we first experimented with computer classes for seniors, that I wrote to Norm Cates about my follow-up experience at Bentley Village. I felt some health, racquet and sportsclubs might want to take advantage of what we have learned from our experience at Cedardale in Haverhill, MA. and our Internet experience right here in Naples, Florida. Cedardale was one of the very first clubs to install and use computers in a big way. It was a leader in conducting computer

classes at the club.

## The Cedardale Experience

Back in the late 1970s our business at Cedardale was expanding at a compounded rate of 23.5% a year. The problem was how to keep track of and bill so many members. That was a great problem to be solving. Zoe Veasey was always checking articles wondering if there was ever a way we could find an affordable computer system that would reduce our bookkeeping labor costs. Our first try was a Phillips semi-computer with a magnetic strip down the side and punch cards. It worked, but it was still very labor intensive and slow. Within a year NCR said they could design a system for our needs providing we had a clear

understanding of exactly what we needed so they could assign a programmer to us. In those days computers were based around an unreliable Winchester hard drive but it was the best we could do at an affordable price. We also needed a smart young lady to give it a try, because our older bookkeepers said "No way we are about to get involved in those scary machines"! I said to Jack McDermott, who is now General Manager of Cedardale/Groveland, to see if he could find a sharp cookie that could learn quickly. He brought in a beautiful, talented young lady named Judy Wentworth. What a sharp young lady! She took to this computer, and everything that went with it, like "a duck to water".

Cedardale, as one of the first, if not the first to begin

using computers that resulted in all kinds of club owners and operators from around the world visiting us to see how we were able to easily keep track of up to 6,500 adults and 2,000 kids. They saw in person how we were able to cradle the phone to the computer and transfer by EFT billing over \$100,000 at a time in less than 15 minutes. When outside clubs operators would come to visit, before they arrived I would tell Judy to shoot the works and give them a show. If they got there after 10:00 a.m. (after Judy had entered the transactions for the previous day), Judy would click a couple of keys and there was our profit year to date after all expenses, including the prorated depreciation and interest deducted. She would knock their eyes out as she dazzled them with her magic. NCR sold a ton of computers based on our software. We made an agreement with some of the visiting club operators where we would compare P & L statements after they bought a computer and were up and running. During the 1980's we thought we were really making money (27.7% after deducting all expenses plus depreciation of 10% each year). We thought we were pretty good, but we found out that two other clubs were doing even better - Jennifer Harding in Portland, Oregon area and Dean Wallace in Salem, Oregon. One thing none of them could match was Judy Wentworth's percentage cost for the bookkeeping operation compared to total sales. She was "king of the hill".

After I had semi-retired, I could not get out of my mind what a wonderful experience it might be for seniors in our club to learn how to use computers. We installed 14 computers for our members at Cedardale. This was before the days of Internet. After I permanently retired and David Lahait came to the our Bentley Village Wellness Center, we became associated with each other again at Bentley Village. It was fun carrying on at Bentley Village where we left off at Cedardale Athletic Club in the world of computers for seniors. Sharing Successes and Failures Helps The Industry

Many club owners have remarked about our motivation to be so free with



Dale Dibble

many of the projects at Cedardale including our detailed P & Ls. Answer: I like sharing successes and failures so others can gain from our experiences. Besides, they will tell me their best ideas for making money too. To prove my point of sharing, one time in our very early years at Cedardale, I listened to a talk by Red Lerille at a local NERHSA meeting in Boston when John McCarthy was then our Executive Director before he went on to become Executive Director of IHRSA. Red Lerille said his club was grossing \$75/sq. ft. Cedardale was doing only about \$30/sq. ft. with a club very similar to Red's, including tennis courts etc. After Red's presentation, I introduced myself and asked if I could send a real dynamo of an employee (Sandy Healy) to his club for two weeks and we would pay all expenses for hotel rooms, etc. Not only did he say yes to a stranger (me) he took her into his home. When Red would leave his home at 4:00 a.m. in the morning to go open his club Sandy tagged along with him. That experience really made us loads of money as we copied some of Red's best ideas for success with Sandy telling us how we could improve based on what she learned during those two weeks from Red Lerille.

This is how you can learn from sharing ideas and profit for doing it. One winter, Jennifer Harding of Portland, Oregon, dazzled all our members during her visit to Cedardale. Here was Jennifer, a beautiful bronzed-tanned Professional racquetball player and club owner, playing racquetball and beating all of our best male racquetball players. She told us exactly what to do for our members to get a similar tan. For five years all we did was sell tokens and dust off 4 tanning machines once a week and our net profit was \$100,000 a year! It was a sad day when we found

(See Dale Dibble Page 24)

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## ...Dale Dibble

continued from page 23

out the UVA rays might be harmful to the skin and we had to remove them.

### "Making It Fun" At Bentley Village!

Little did I realize after retiring from the health and fitness industry in the late 1970s that I would still be as actively involved in the same health and fitness activities on a volunteer basis and would be having a ball. Little did I realize during my twilight years (age 84) I would still be having this kind of fun and satisfaction out of life!

In October of 1998, my delightful wife, Olive Mae, and I moved from a home in a country club setting in Naples, Florida to Bentley Village, a Classic Residence of Hyatt in Naples, FL. A year earlier, David Lahait, one of the finest employees we ever had at Cedardale was hired as Wellness Coordinator at Bentley Village to set up and fully staff the Wellness Center. Dave had the challenge of taking a partly staffed Wellness Center, averaging at the time, 400 sign-ins per month to 4,000 sign-ins per month. Dave achieved that in a 2,000 square-foot area. In addition to operating the Wellness Center 7 days a week starting at 6:30 am each day, the Wellness staff created a large array of Aquacise classes, Tai Chi, Pilates/Yoga, Caribbean Dance classes (low impact), and OxyStretch classes outside the confines of the Wellness Center itself. Separately, and directed by resident volunteers. We also have a very active tennis program, bocce ball and croquet courts and competition and a carpentry shop. Golf is also big time at Bentley Village with the combined effort of pros and volunteers.

Importantly, we offer our Bentley Village Wellness Center participants a focus on social activities to go along with their exercise. We have a coffee/relaxation area in the Wellness Center. And, we have several computers installed right in the Wellness Center for member use.

The net effect on our residents is that we now have 48% of our 930 resident-base keeping physically fit in keeping with national guidelines of 3 or more physical activities of 30 minutes or more a week. Of the 930 residents, 135 have now lived

to be age 90 and as they get older they are going strong. Our measured results show those residents who keep fit (on average) are living longer, and BCC, the skilled assisted care nursing center, has seen its resident's occupancy reduced because of a more fit Bentley Village population base.

We also believe, but cannot statistically prove, that the number of senior citizens acquiring Alzheimer's Disease is reduced because of the aggressive computer programs and lesson support. Today we have 311 Bentley Village e-mail addresses. Half of them are on high speed broadband (Comcast).

### What I Have Learned

Having seen all of this explosive increase in physical and mental and social activity of the members at Bentley Village I have really learned a lot since leaving my career as a co-owner of a mega-commercial athletic club business. Consider these:

1. I have learned getting old can be fun and stimulating - a lot of fun providing we keep fit in our later years. Without keeping fit much of the richness of life passes us by.

2. I have learned that if ever there was a time in our lives to keep fit (by exercising almost every day of the week), it is during our senior years.

3. I have learned the tremendous power of taking advantage of the Internet as an invaluable communications tool. If done right, along with the rapid increase in high speed broadband Internet hookups, by our residents, nothing can beat it for quick, accurate communications with our residents and rest of the world. As our physical abilities decline as we approach age 90, what a wonderful fill-in the Internet is to occupy our time in a fun filled way.

To best explain the power of the Internet at Bentley Village go to: [www.bentley-village.com](http://www.bentley-village.com)

Take a virtual tour, also check the testimonials and activities etc. This is the fixed (static) part of Bentley-village.com web site.

After this review click on "WHAT'S NEW". Every day we add clips of what took place within the past few days and what is going to take place. It works similar to the way Google works where you click "NEWS" and the latest news is at the top.

The net result, particularly for those with high speed connections, (Comcast in our case), with only two clicks we have the latest exciting events that happened or are going to happen at Bentley Village. The result is many of our residents are checking regularly on what is happening. The stats show our residents with Internet connections check Bentley-village.com web site an average of 3.07 times a month. What a powerful tool to quickly get the latest information out. What a powerful tool to increase attendance whether it is a big name dance band or whatever. What a powerful tool for Sales to give prospects our Web site address so they can follow not only what Bentley Village is all about, but weekly events as they occur or about to occur. Trust me, it brings more excitement we could not otherwise accomplish. If you are not bringing that excitement to your club and club members through your own Website, you should really consider doing so!

So what does this cost Bentley Village, a Classic Residence by Hyatt? The answer: Nothing! Management wanted to pay part or all of the costs, but we refused. The reason was simple - we wanted to do and write what we please. If we misspelled or whatever - so what? We are resident volunteers, so it is pretty hard for somebody to try to sue us. Besides, if we should get too far off base like with college operated student newspapers, all management has to say is that it is not their Website nor do they have any input into its content.

How do we pay for it? Answer: No matter who pays for it, the cost is not very much. We fund it in the following way for everything listed below. We have organized computer classes charging \$40 a year for a total of 16 lessons. The cost of the finest instructor money can buy is \$200 a lesson and we have the best.

Up to 100 residents come to a one hour class once a week in the Auditorium. This includes hooking up equipment, lesson plans and so called handouts that have a hyper link to instructor's "hand outs" after each class. See "Computer Help" on our web site. The domain name costs \$200 for ten years and the host site costs \$80 per year. The one-time cost in our case to design and guide a bunch of us who do not know very much was

a one-time \$3,000. That was the best money we ever spent. Before, when we got some local web designer to help us on the cheap, we got what we paid for. Our results showed limited hits because it was not that exciting. We needed a site our residents would be proud of - to be able to forward the website address to their kids, grandkids and friends. Bragging - perhaps. Take a look at the Testimonials of our residents. In mass, these testimonials are the feelings portrayed and shared by our residents.

Sure - our Wellness Center is not a commercial club, but you would be amazed how much we have in common. We both have the same primary mission - "Make It Fun!" We do the same things you do to make it fun and create the healthiest possible lifestyle imaginable for our members.

What really makes our residents and related, interested parties keep coming back is "WHAT'S NEW". Every week there is a changeover of new events. With our digital cameras, resident volunteers cover the campus, from golf events, tennis, bocce ball, dances, parties or whatever. We are like Google with its NEWS section only ours includes pictures. Once they get pictures and a paragraph or two of text, our volunteers can have a new web page under the "What's New" section within less than 5 minutes. All of this costs nothing, except some fun time by our resident volunteers.

Sure - you would adjust for your own club circumstances but the basics apply. I would invite anyone to show me anything else you could do that would make your club more fun and get "more bang for the buck". Something else also happens. Each profit center of your club who enters picture/text write-ups will try harder to make their part of the club more fun since it is going on the Internet.

If you decide to look into this in more depth, I would highly recommend that you contact [www.dreambytes.com.au](http://www.dreambytes.com.au) attention: Narelle Clarkson as a means of comparison for whom ever you use now or if you have no one to help you. Find

somebody who really cares about your success. In our case the results were far beyond our fondest dreams.

*(Publisher's Note: Dale Dibble is known affectionately as "Mr. Enthusiasm". He is an icon in the health, racquet and sportsclub industry. He was one of the five individuals who conducted the first ever formation meeting for IHRSA in Chicago in 1980. Dale Dibble has shared more knowledge and helped more people in our business than anybody I know in our industry that is not employed as a consultant. In 2001, IHRSA renamed its Distinguished Service Award for Dale Dibble. Four years ago during the Thanksgiving Holidays, Dale experienced a continuation of heart problems he had experienced before when he had two heart surgeries. He traveled to the Cleveland Clinic and was told by the doctors there that he had only 2 to 4 months to live. He returned home to Naples, made sure his estate was in order and set out to prove those doctors wrong. The doctors had told him that not only did he have very little life to live, they told him they could no longer prolong his life with future heart stent installations or angioplasty procedures. But, Dale increased his cardio exercise and added strength training to his regular work out program and fought the good fight. Now, his doctors at the Cleveland Clinic tell Dale that he has done something very rare. They have said that his heart is repairing itself and his capillaries are regenerating themselves! They have said that as far as they can determine, he will keep on doing well and that his previous prognosis no longer applies! Now folks, if Dale Dibble's experience is not "one-for-the-books" I do not know what would be. If you have a club member, family or friends that are suffering from heart disease, share this amazing Dale Dibble story with them. Be sure they see their doctor first and get then them to exercising! They may join Dale in the wonderful world of a continued, more fruitful and FUN life!)*

# Make It Fun!



## ...Norm's Notes

continued from page 8

eligible to win. The 7 seven categories of excellence include: 1) Facility design, construction and decoration; 2) Fitness prescription and assessment; 3) Exercise incentive programming; 4) Events, classes and community outreach; 5) Customer service; 6) Websites and new technology; and 7) Management, marketing and sales. **Voting deadline is November 30, 2004.** To vote go to: [www.fitnessmanagement.com/nova7/bestsuppliers/vote.html](http://www.fitnessmanagement.com/nova7/bestsuppliers/vote.html)

● **PAT PINE**, the Founder and current President of the **National Fitness Therapy Association (NFTA)** informs me that "due to personal reasons I must step down and wish to transfer the governance of NFTA to another group." NFTA was founded 5 years ago by Pine and a group of concerned individuals from the health, fitness and wellness industries for the purpose of "establishing credibility and accountability." Like other national accrediting organizations (NOCA, JCAHO and CARF), NFTA is an independent, not-for-profit corporation set up to be run by elected Board Members from its membership. For more information any interested party or group that would like more information on NFTA, go to: [www.nfta.org](http://www.nfta.org). To contact Pat for information use email: [FitnessTherapy@nfta.org](mailto:FitnessTherapy@nfta.org) or call Pat at: (970) 726-0697.

● **MATTHEW STEVENS**, the CEO of **The Spectrum Clubs**, the LA-based upscale club chain, has announced a major growth plan with the development of 10 new clubs in the **San Antonio, Texas** market formerly ruled by club business veteran and all around good-guy **BRUCE HENDIN**. Spectrum intends to invest \$50 million to build the 45 to 50,000 square-foot clubs with average cost per facility of \$5 to \$8 million! **ANDY GILLEN**, the Spectrum Club leader in San Antonio also announced that effective October 1, 2004, the former **San Antonio Racquetball and Fitness Clubs** formerly owned by Bruce Hendin, would be called **The Spectrum Clubs**. Hendin sold his 9 club chain to Spectrum about five years ago.

● **MARKE GOLUB**, CEO of **Linda Evans Fitness Centers**, has announced that 9 clubs in **The LINDA EVANS** chain has been sold to **24 Hour Fitness**, causing customer

dissatisfaction for some women who had originally signed up at the **Linda Evans Fitness Centers** because they were for women only. Three **Linda Evans Centers** continued for women-only in **Walnut Creek, Union City and Fountain Valley, California** and **Golub** said those clubs would not close.

● **REX LEXLIGHTER**, CEO of the **Sports Club Company**, originally founded by **MIKE TALLA**, has retained **Barnett & Partners**, a New York City-based investment banking firm, to consider and evaluate the possible sale of one or more of the company's operating assets. There was also a special committee formed to assist in this, the latest in an ongoing shuffle of financial matters at the **Sports Club Company**. **STAY TUNED!**

● **ROYLE BERRY**, health club industry veteran and sometime writer, informs me that his two **Pensacourt clubs** survived a hard hit by **Hurricane Ivan**. Berry tells me that he and his girlfriend got out of **Pensacola** the day after the storm hit to enjoy some R & R and were treated, 'Royally' by **GARY TIPENS** and his staff at **Gulf Breeze Aerobics & Fitness in Gulf Breeze, Mississippi**. Others, including **JIM WOOLARD**, the highly successful owner of 7 **World Gyms** in the **Palm Beach, Florida** area, hard hit by two hurricanes, is having to wait for good business to come back as the community has been really busy surviving not one, but two hurricanes in South Florida. God only knows how many clubs in Florida are now struggling due to the hurricane hits. And, I wish all of the club owners the best of luck as they repair facilities and homes and try to get back to normal. **GEOFFREY DYER** in the **Tampa/St. Petersburg** lost an entire **Lifestyle Family Fitness Center** to the wind and the rain of the hurricane that blew through **Orlando** and wrote a nice note to me heaping praise on **Life Fitness** for the great job they did helping his organization get a replacement **LFF** opened within 12 days after the storm. My guess is there are more stories in Florida like that one and I would love to hear from you folks as well. **STAY TUNED!**

● **Bally Total Fitness** has seen their business accounting procedures and policies under attack recently and missed one mandated filing

deadline. But, recently **Bally** announced that they had been granted a second extension until **November 1st** for the delivery of the second quarter financial statements to its bankers. I think the extensions are reasonable and should have been given, due to the fact **Bally** recently had their **CFO, JOHN DWYER**, leave the company. Although the stock is down just below \$4 a share and one of the Board Members is raisin' hell and stirring things up, my prediction is that **Bally Total Fitness WILL WORK THROUGH** all this and emerge even stronger for it. As to suggestions by some that **Bally** may seek the relief of the courts, I sure hope not. Our industry does not need that right now or ever, given the positive and great momentum we are building day after day.

● The **National Strength and Conditioning Association, NSCA**, has reached a **Certification Milestone** mark of

**25,000 certificate holders!** For more information, call: **888.746.2378** or email: [commission@nsca-cc.org](mailto:commission@nsca-cc.org) or visit [www.nsca-cc.org](http://www.nsca-cc.org)

● **AMERICA** goes to the polls before you will see the next edition of **The CLUB INSIDER News**. I urge all of you to get out and vote! I am not asking anybody to vote for any particular candidate, but remember our troops fight for our right to vote everyday, so it is our obligation. **It is YOUR CALL...**

**VERY SAD LATE BREAKING NEWS:**

● **LISAMOSELY JOHNSON, 41**, was the high school and college

sweetheart and loving wife of **SKIP JOHNSON**. Tragedy struck the **Johnson family**, when on **Friday, October 8th**, **Lisa** was killed in an automobile accident. Our heart felt condolences go to **Skip** and his daughters **BETSY** and **EMILY** and the entire **Johnson Family**. **Skip Johnson** is the son of **Atlanta area GOLD'S GYM** owner and **Atlanta Gold's Gym Alliance Founder and Leader, GORDON JOHNSON**. May **LISA JOHNSON** Rest In Peace.

● **GOD BLESS OUR TROOPS, AIRMEN and SEAMEN**, who fight for our right to vote and live freely everyday, **God Bless their families, and GOD BLESS AMERICA! Stay Tuned!**

### The CLUB INSIDER News

Seeks Contributing Authors

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# Norm Cates' THE Club Insider NEWS

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## ...Dean Kachel

continued from page 14

we added a new group exercise studio (2250 square feet) to the back of our building; reinstalled two racquetball courts and expanded the free weight area in 1997. We also totally refinished the exterior of the club with a stucco finish instead of the dark wood. Last year, we repainted the interior, re-carpeted all 11,000 square-feet, re-landscaped the exterior, remodeled the locker rooms, replaced all counter tops, sinks, partitions, etc. We have effectively replaced everything that was original in the building.

All of this has permitted us to remain financially strong, consistently at about 2,500 members, and able to continually spend \$50,000 - \$75,000 a year on equipment replacement or additions. We have spent \$340,000 in improvements and equipment over the 11 years since our consultant made his 9 pages of recommendations. Fortunately, because we were in the process of major remodeling and improvements of our club and the 2,000 -membership takeover from the local failing club, we only lost 10% to 15% of our members to the new About Fitness Club.

Q. During your 25-years of business, you sure have had your "ups" and your "downs", many of whom you admittedly caused yourself. What were your toughest years?

A. During the recessions in 1982 and 1992 we had tough times, due to external forces that we could not control, along with competition. Over the last 10 years, with the absorption of the members from six or seven smaller clubs' into our club, we have created opportunities for us to utilize excess funds for upgrading.

Last year was one of three years in which we took in over 300 net additional members, had 4 successful racquetball tournaments, and had the good fortune of a potential purchaser investing over \$150,000 in club improvements before changing his mind on buying the club!

Believe it or not, we are anticipating next year to be one of our best years. Recently we signed an agreement with Wellquest to be the only club in town where Vista Wellcare HMO (300,000 people, 7500 in our market) will reimburse any of their clients \$150 a year for working out regularly. In addition, Healthcare Dimensions (Silver

Sneakers) secured a nationwide contract with Humana for their Medicare HMO customers, whereby any senior covered by them (140,000 in South Florida, 6,000 + in our market) will be able to work out FREE at our facility. We are also currently servicing Blue Cross' seniors, which will continue next year as well.

In addition, we have just added a Pilates Studio with an operator who has been in business for 3 years at a free standing location. Our members are excited about the opportunity to advance beyond our mat classes to her advanced Pilates program.

Q. I know you have been approached a number of times by interested parties to buy your club. What is the latest total of those who have approached you and what considerations do you take into account when you are approached?

A. Over the past five years, we have been approached at least a dozen times by everyone in the business from LA Fitness, Gold's, Q Club, Club Fitness to independents like a local chiropractor, a former club operator, a church (conversion); a radio station owner (conversion); a racquetball enthusiast (last year's magnanimous benefactor) and

others. We have attempted to examine the strength of the prospect, whether they have the ability to pay any mortgage or rent, since we own the real estate. The difficulty with most deals has been the value of the real estate has become so high that a new operator cannot afford to lease without building the membership significantly. Since we have been here for 25 years, the entire city has grown up around us, leaving no retail lease space for less than \$20 + a square foot. That said, we are in no hurry to sell, since my daughter, Melissa Allison, has stepped in a year ago as our manager, enabling us to enjoy some free time with our 3 grandchildren.

Q. What value would you put on your building, land and club business if you sold it to an outright buyer?

A. For the whole thing, \$4.5 million. If we sold just the building and the land, the price would be \$3.5 million

Q. Back in the 80's, you served on the IHRSA Board of Directors. What years were you involved and tell me about that experience?

A. I have been an IHRSA Member since IHRSA began 24 years ago. I served on the IHRSA Board from 1985-1988. As a CPA, I hope that I contributed in assisting IHRSA in

cleaning up some of the accounting of their balance sheet by being able to analyze them from a different perspective. We benefit from using the IHRSA insurance plan for both worker's comp and liability. And, we use the IHRSA Passport Program and generally support IHRSA overall.

Q. The Coral Springs market has been watching Brian Homan very carefully because for over a year now he has been pre-selling memberships for a 37,500 square-foot club that is supposedly being built in a shopping center now under construction in Coral Springs. What is the status of all that?

A. Unfortunately, due to 3 hurricanes recently; the State agency that governs our industry also protects consumers from price gouging and that has been its priority. The State of Florida officials have promised they are going to investigate Homan's pre-sale operations, as we strongly believe they are not escrowing funds as required by Florida state law and they are pre-selling the big new club in non-registered or bonded satellite centers they are opening around town.

Dean Kachel's story is an amazing recollection of business misjudgments, over extension by taking on other club deals that made sense to Dean at the time, dedication and a "never-say-die" determination of Dean and his devoted wife, M.J. Kachel. Their determination and "never-say-die" attitude has allowed the Kachels to now be sitting on an extremely valuable real estate asset and business. One day the Kachels will find the right qualified buyer for their land, building and hopefully club operation and they will be all set for a richly deserved retirement. But fortunately, now that Dean has settled down and focused on making just one business successful, he really is in no hurry and has no reason to rush into any purchase offer.

There are 25,000 or more commercial health clubs in the U.S. I am not sure how many of those have made it 25 or more years. But, I do believe any club owner/operator will benefit from learning from Kachel about his mistakes and now, his victories. We hope we have achieved that and that this in-depth case-study of a 15-year horror show transformed into a success for the past 10 years will be of help to you as you read this. I want to thank Dean and his daughter Melissa Allison for their kind assistance in the production of this article and for providing the photos used for this edition.

I would like to congratulate and wish my friends in Coral Springs, Florida, Dean, M.J. and Melissa Allison the very best of luck and excellent health in the future. (Norm Cates, Jr. is the Publisher of The CLUB INSIDER News: (770) 850-8506, clubinsidernews@mindspring.com)

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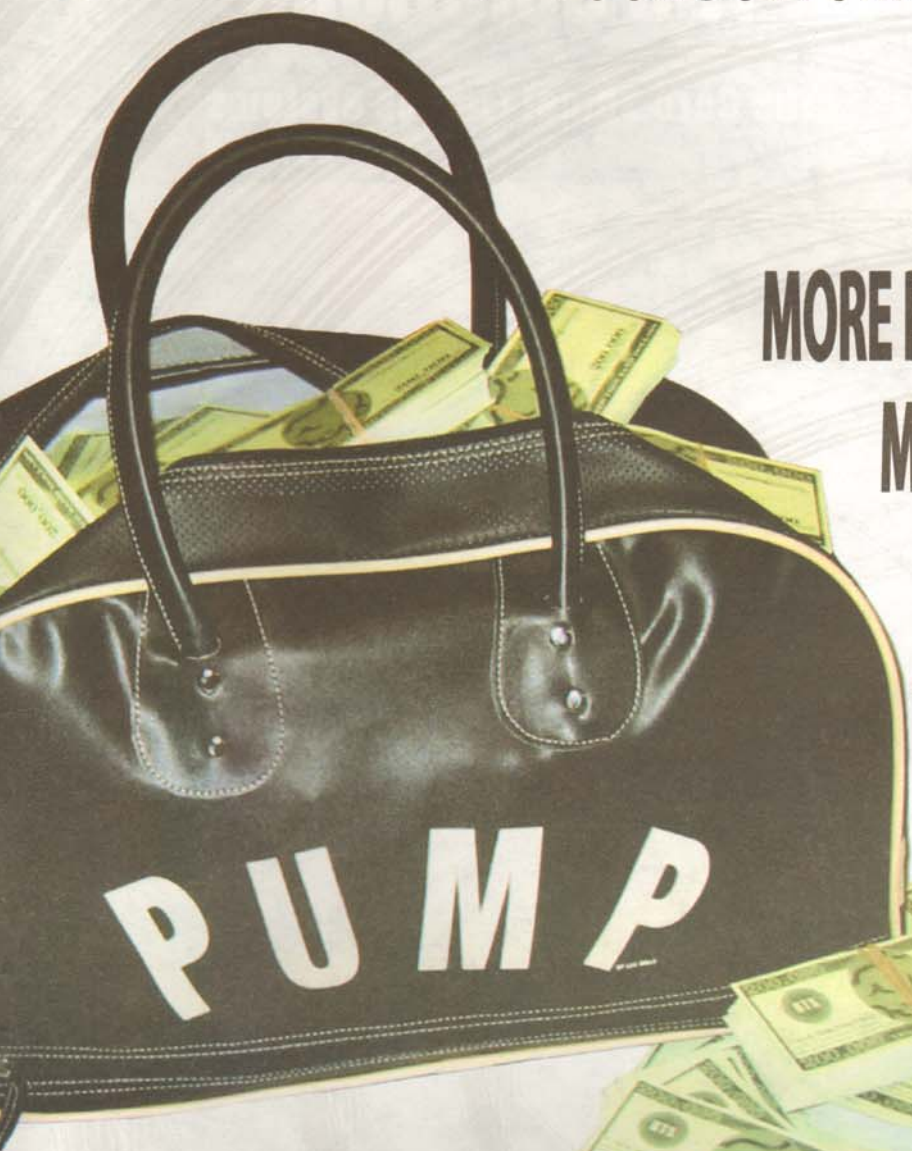
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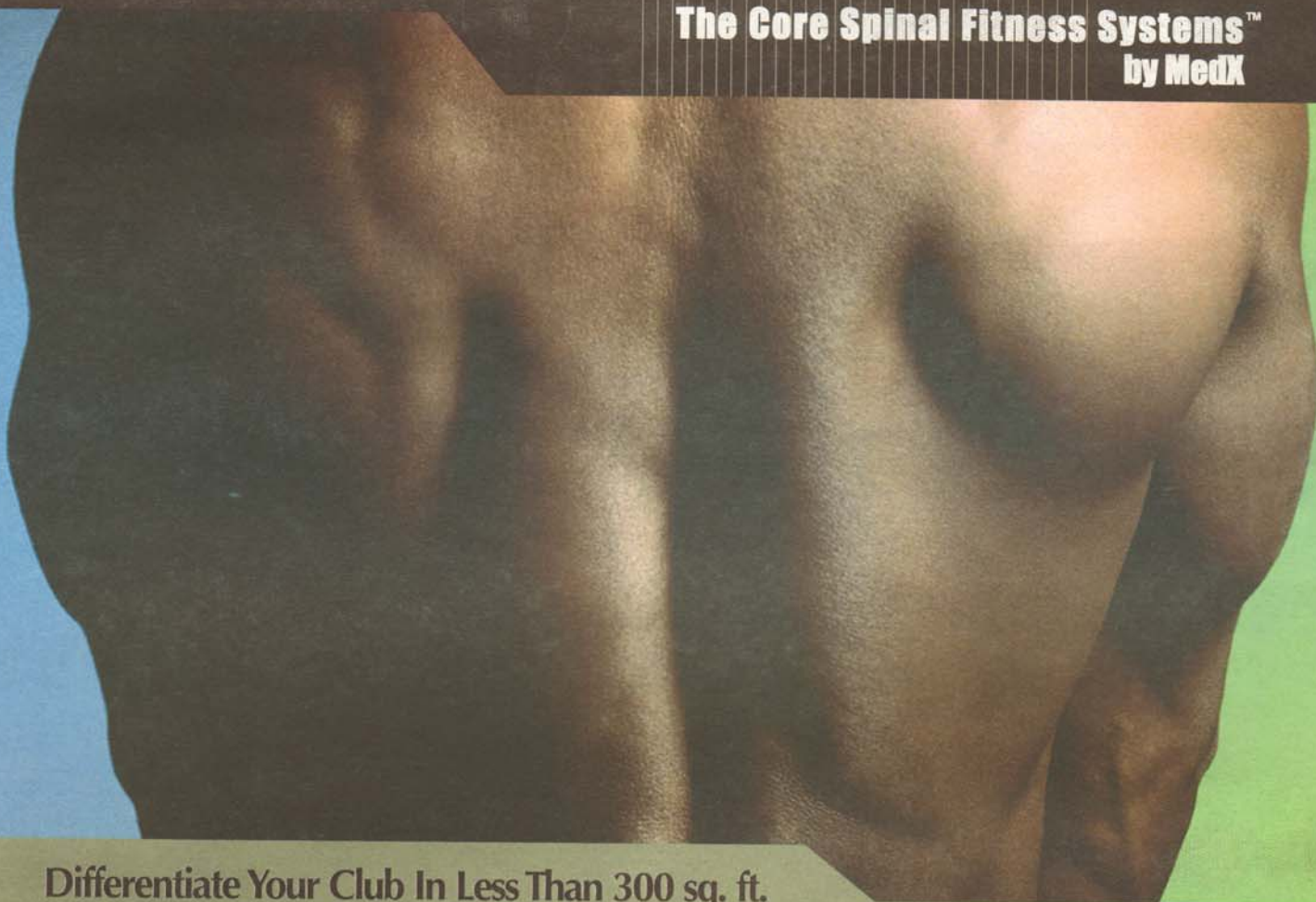
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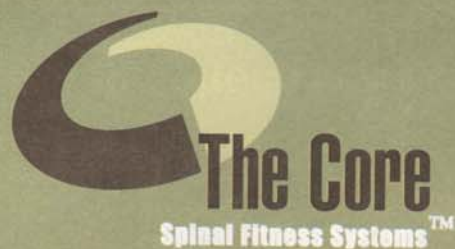


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