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THE Club Insider

NEWS

OCTOBER 2007

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

INTRODUCTION BY MITCH ALBOM



One Man's
Journey
from
Success to
Significance

AUGIE'S QUEST

AUGIE NIETO AND T. R. PEARSON

Augie Nieto says...
"Earn Your Eulogy Everyday"



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Norm Cates' **THE Club Insider** NEWS

The "Pulse" of the Health, Racquet and Sports Club Business *Augie Nieto says... "Earn Your Eulogy Everyday"*

A Moving Interview with ALS Cure Seekers Augie and Lynne Nieto With Writing by T.R. Pearson, Co-Author of Augie's new Book
"One Man's Journey From Success to Significance – AUGIE'S QUEST"

By Norm Cates, Jr.

Eulogy is defined in Webster's Dictionary as: "A laudatory tribute, either oral or written." In the following interview with Augie Nieto, (now in his third year of living with the brutal and fatal disease, ALS - Amyotrophic Lateral Sclerosis), in response to my last question, "Augie, to close this interview, please tell the people in our industry what-

ever you'd like them to know", replied, **"Earn your Eulogy everyday!"** Augie then, in his amazing and humorous fashion and to illustrate his point, went on to describe a cartoon that depicted an old king seeking admission at the gates of heaven.

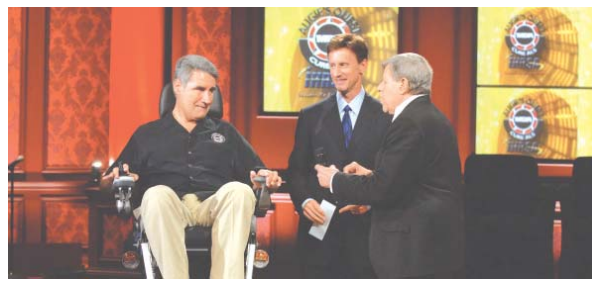
Augie's interview closing comment about "earning your eulogy everyday" touched on a matter people may not contemplate

while traveling through the dash of life on the way to the hereafter. That is the question: "How will we be remembered?"

What is ALS?

What is ALS? Amyotrophic Lateral Sclerosis (ALS) is a motor neuron disease, first described in 1869 by the noted French neurolo-

(See *Augie Nieto* page 22)



(L to R) Augie Nieto, Mark Mastrov and Jerry Lewis at MDA Telethon

Bally Total Fitness Emerges From Chapter 11 *Closes Transaction with Harbinger Capital Partners Funds*

Chicago, IL - Bally Total Fitness announced on October 1, 2007 that it has successfully emerged from Chapter 11 as a private company just over two months

after filing for bankruptcy protection on July 31, 2007.

The restructuring arrangements funded by Harbinger Capital Partners Master Fund I, Ltd. and Harbinger

Capital Partners Special Situations Fund L.P. ("Harbinger") became effective October 1st. Harbinger invested approximately \$233.6 million in exchange for 100% of the com-

mon equity of reorganized Bally. In addition:

-- Senior Noteholders will receive new Senior Second Lien Notes bearing interest at 13% as well as a consent fee

equal to 2% of the face value of their Notes.

-- Subordinated Noteholders will receive a cash payment of \$123.5 million
(See *Bally Emerges* page 6)

Mike Grondahl launches **World Gym key card club chain!**

By Norm Cates, Jr.

Mike Grondahl, the man I now call the "King of the One Liners" has, since 1993, operated a company

called Planet Fitness (PF). Planet Fitness is burning a swath across America with new company owned and franchised locations. The arrival of Planet Fitness in a

market causes club owner/operators to cringe.

I believe club operators cringe because Planet Fitness has Mike Grondahl at the helm.
(See *Mike Grondahl* page 6)



Alaska clubs sold to New York Firm...See Norm's Notes

• Inside The Insider • **Celebrating 15 Years and Counting!**

- **Alaska Clubs sold !**
- **CheckFree opens new digs.**
- **The "Insider" Speaks...**
- **Now is the time to fix the future.**
- **Sales Presentations that Close 90%+ of the time!**
- **Gordon Johnson leads defeat of \$17 million YMCA!**
- **MAC Opens at Harbor East**
- **Alan Schwartz honored.**
- **Phil Mills' Keynote Bombs!**
- **Nautilus in a nose dive!**

- **NFBA starts consulting for women!**
- **Pat Laus leads New Jersey fight**
- **David Patchel-Evans honored.**
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- **Dr. Dennis Cooper on strength training.**
- **TSI loses CEO Robert Giardina**
- **Hans Muench Rejoins IHRSA**
- **Fred Elias saves the day!**
- **IHRSA on board Obesity Council**

Norm's NOTES

Thank You

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• **Hello everybody!**
 This is your friendly **CLUB INSIDER News Publisher** Since 1993 checking in! Take some time for news!

• **CONGRATULATIONS** to **ANDREW EKER** and **TOM BEHAN**, co-owners, and to their investors in the **Alaska Clubs**, as on Tuesday October 16th they sold their 17 clubs to New York City-based, **Lincolnshire Management** investment firm. A source in New York City indicated that Lincolnshire raised \$72 million in Senior Debt, financed by **Ares Capital Corporation**, to acquire the clubs. This development proves, once again, that the really great club operations will pay along the way and pay at the end. I reached Andrew Eker on his cell phone and said, "Hi Andrew, this is Norm Cates calling." He laughed and said, "I thought you were my accountant calling...I'm on a tennis court expecting his call." I laughed back and said, "Hey, you're right where you ought to be, Andrew! I just called to tell you and Tom congratulations!" Eker said, "Norm, it's been a good run for Tom and I. We're going to leave it to the young people now." So, there you have it folks... more big money getting into our industry. And, payoffs for great credits to our industry, veterans Andrew Eker and Tom Behan. (Former **IHRSA President**). Best wishes Andrew, Tom and Team.

• **BEACH BASH 2008** is coming! **JOHN McCARTHY**, Beach Bash 2008 Chairman and **AUGIE NIETO**, Chief Inspirational Officer, and I, urge you to mark your calendar today for Thursday night, March 7, 2008, the date **Augie's Quest Beach Bash** for the **ALS Cure** will be held at the beautiful **San Diego Marriott and Marina** during **IHRSA's 27th Annual International Convention and Trade Show**. Please take the time to read Augie and Lynne Nieto's incredible cover story in this issue. From that reading our hope is you will get on board "Augie's Express for the Cure for ALS"! Please take time to view the

following video: <http://www.whatkindofworldyouwant.com/videos/view/id/382360/page/1> then, please go to: **augiesquest.com** and make a contribution of any amount you can afford to help this fast moving research. We hope to see you at **IHRSA2008** in super San Diego March 6 thru 10th, 2008 and at **Augie's Beach Bash**, for sure!

• A correction here to my **Norm's NOTES** writing in September. In my first note about **AUGIE** and **LYNNE NIETO**'s valiant work with "**Augie's Quest**" to find a cure for **ALS** I incorrectly wrote: "They are fighting for the lives of **250,000 Americans now suffering from ALS who will die from it if a cure is not found.**" Correctly written, by yours truly, that statement would have read: "They are fighting for the lives of **30,000 Americans** and **250,000** around the world who are now suffering from ALS." Please take some time to read Augie and Lynne's cover story this month about their fight against ALS. It is a candid and compelling report...one I will describe hereafter as my most important report in 14 years of publication of **The CLUB INSIDER News**.

• Another correction: We listed the **REX Roundtable** guru and excellent **CLUB INSIDER News Contributing Author**, **WILL PHILLIPS'** website as .com instead of: www.rexonline.org Sorry Will!!

• **Celebrating 15 Years** of publishing of **The CLUB INSIDER News**, I had the terrific assistance of **MS. HOLLY SNOW** in Chicago at the annual **Club Industry Show**, where reportedly 8,700+ came to learn and network. **Thanks HOLLY!** Holly is the significant other of my long-time friend, **LYLE "The Hammer" SCHULER**, (I call Lyle ... "The Hammer" in honor of his **All Star College Football** days at **Cortland State University** in New York, where as a running back he rushed for almost 1,000 yards.) owner of the **Mid-Hudson Valley Athletic Club (The MAC)**. The MAC is a 65,000 square-foot

club that experienced a true **Renaissance** after Lyle acquired the club in November 2002. The MAC is reaching out now as Schuler started construction on **MAC Fitness Express**, a 20,000 square-foot fitness only satellite club on September 5th, 2007. Additionally, at Club Industry, Lyle and **Sales Makers** team member, **JEFF MASTEN**, gave attendees an all-day presentation on membership sales and management that **Sales Makers Founder**, **RAY GORDON**, described as: "**THE BEST** I've seen in 30 years!" The Sales Makers Team of Ray Gordon, **EDDIE TOCK** and Jeff Masten offer truly excellent membership sales training and management programs delivered in person for your staff in your club. Please see their ad on page #7 and Ray Gordon's article on the same page. Make your call for a booking now as they are filling up fast for the preparation time before the Winter rush. Also, Gordon, Tock, Schuler, Masten, Snow, **CARRIE ZAKARIAS** and I, celebrated the memory of our friend we called **FIC, TOM FICARELLI**...a fellow we will always love and never forget. Tom passed away suddenly a couple of years ago. May Tom Ficarelli continue to rest in peace.



Norm Cates, Jr.

ed him with **Club Industry's Lifetime Achievement Award**. And following that, **LAILA's ALI's** very charming and personable presentation on healthy lifestyles. Other highlights were what I would describe as pretty dog-gone good trade show traffic on **Thursday** and **Friday**. Of course, a highlight of the event were the many excellent educational seminars on virtually all industry topics presented by many dedicated industry professions. **Lowlights for me, and I think others, were: the Saturday Trade Show traffic where there were more exhibitors working at the exhibits than there were trade show attendees.** I am gonna write what I think everybody who



Alan Schwartz and Laila Ali

• **The Club Industry Show** in Chicago was a terrific event, overall. If you didn't make it, you missed a good one. For me, two highlights of the event were: **ALAN SCHWARTZ's** acceptance speech after Club Industry's **PAMELA KUFAHL** present-

exhibits in this industry are feeling and thinking. That is that those that produce trade shows should take a gander here and consider what I and many, many trade exhibitors have concluded long ago, not just at this trade show. That
 (See Norm's Notes page 10)

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The "Insider" Speaks...

To Change or Not to Change... That Is the Question

By Norm Cates, Jr.

• **OBSIDITY** does not just mess up the quality of a person's life...it risks the person's life. **Aging** does change one's life ... it makes you look for *solutions*. Regular physical and mental activity are the *only solutions*.

Obesity has become a very expensive issue for the U.S. according to a new study released by **KENNETH THORPE**, Chairman of the Department of Health Policy and Management at **Emory University's Rollins School of Public Health** here in Atlanta. "The United States spends twice as much as European countries on health care", said Thorpe. He went on to mention that chronic diseases caused by obesity, such as diabetes and heart disease, cost an estimated

\$100 to \$150 billion in U.S. health care spending.

This spending results in costs to consumers of American products. Costs such as mentioned by now **Presidential** candidate, **GOVERNOR MIKE HUCKABEE** of Arkansas, in his **CLUB INSIDER News** January, 2007 cover story, "General Motors spends an average of \$1500 on health care to make a car, while Japanese automakers spend \$150." These figures were updated in comments by **Senator JOHN MCCAIN**, in the Republican debate the week of October 8th. His comments indicate an increase when he said that the U.S. automaker cost for health care is \$1,700 per car and the Japanese are spending \$200 per car.

But, perhaps the most poignant point Thorpe made in his comments was

"Seventy-five percent of what we spend in this country is associated with patients that have one or more chronic conditions and most of the growth is due to obesity."

I'd add that only permanent lifestyle changes for people are going to fix this obesity problem and enhance the Golden Years for America's mature market.

The U.S. population now has an estimated 200 million overweight/obese citizens. And, this week, the very first "Baby Boomer" signed up for Social Security benefits.

I know many of you are all already working on reaching the two biggest U.S. markets, the overweight/obese and maturing populations. And, I know some of you are ignoring those market opportunities.

But, I ask you now...if

you do focus on **"Marketing specifically targeted to the 200 million U.S. overweight/obese population. Do you make the overweight/obese consumers in your market feel that your club is for THEM? And, let me ask, "Do you focus any of your marketing on the mature market, Golden Ager?"**

For those of you who do seek both markets, do you focus on just training the body...but NOT on training the minds of your members and personal training clients? I know you most likely do, but I wanted to ask you the question so you will think about it. Another question I see is: "How much balance between training their bodies and their minds does your club provide service for the overweight and the mature markets?"

Think about this concept, please. The concept of

a true **"FAT Friendly Health Club"**, a club identified in the community as being one where the owner and staff **really CARE** about their members and do their best to give their members personal attention and true results, not just a membership card. A club where **EDUCATION** for the overweight/obese human being is as important as getting them on a workout regimen.

Additionally, do you have special programs for the mature market that makes them feel welcome and well-served? Programs such as the Silver Sneakers program?

Think about the question: "Where am I going to find more new members?"

Think about the fact (See *Insider Speaks* page 8)

...Bally Emerges

continued from page 3

lion in the aggregate, with the remaining balance of the Subordinated Notes satisfied through the issuance of approximately \$200 million in new subordinated notes of reorganized Bally. The annual interest rate payable under the new subordinated notes is 15 5/8% as the payment-

in-kind interest rate and 14% as the cash pay interest rate.

-- Existing Bally shareholders and holders of certain equity-related claims will receive an aggregate distribution of \$16.5 million as soon as practicable after the Company can determine the maximum amount of the equity-related claims. That determination cannot be made until after the October 31,

2007, deadline for submission of proofs of claim for equity-related claims, and may require court approval.

In conjunction with its emergence from chapter 11, the Company converted its debtor-in-possession ("DIP") facility to an exit credit facility. As previously announced, Morgan Stanley Senior Funding, Inc. is the sole lead arranger and sole

bookrunner for the \$292 million super-priority secured DIP and senior secured exit credit facilities.

The Company also announced that funds which had been deposited in respect of subscriptions for notes which were to be issued in the rights offering associated with a noteholder sponsored restructuring plan, which was not consummated,

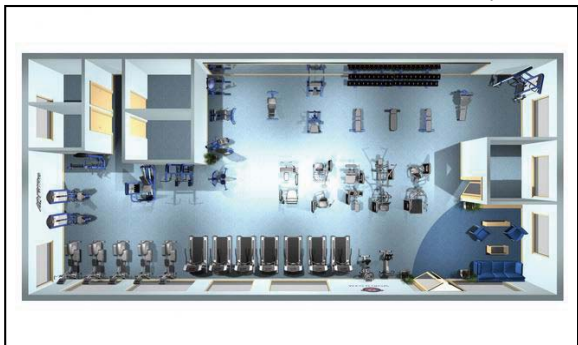
will be returned promptly. More detailed information is available on Bally's website at <http://www.ballyfitness.com> and from the Company's Chapter 11 website and hotline: Bally Chapter 11 Information Website: <http://www.kccllc.net/bally> Bally Chapter 11 Information Hotline: Toll Free: (888) 251-3046

...Mike Grondahl

continued from page 3

the helm, the fellow this author believes is an excellent brander and marketer. And, I have a hunch he will get better and better at what he does.

Grondahl's Planet Fitness



does not just enter markets. It ATTACKS them.

Some Planet Fitness facilities will generate 7,000 to 10,000 members and an electronic funds monthly dues base of \$120,000 to \$160,000 per month. Situated in 12,000 to 14,000 square-foot

facilities, but packed with cardio and strength equipment, Grondahl's Planet Fitness facilities have what I describe as "prime-time capacity" of 250 to 300 people.

In theoretical comparison, consider a club operation where the ratio of membership to "prime-time capacity", for example, a big box LA Fitness of 50,000 square-feet that might have a 600-person "prime-time capacity" serving 5,000 to 7,000 members paying \$39 to \$49 per month. At those membership rates the members would go nuts because a lot of them need "prime-time capacity" because of the demographics of their membership. The Planet Fitness members experience prime time overcrowding, too. However, the difference is

that the Planet Fitness members will often re-adjust their schedules and show flexibility when they are only paying \$10 to \$15 per month. Even Mike Grondahl honestly told me a couple of years ago, "I wouldn't work out in my clubs in prime time." But, Grondahl has figured out and his clubs' performance has proved that when people pay just \$10 per month, they find a time to workout other than prime time weekday hours from 5 until 8 pm. And, they still feel that \$10 per month is a terrific value. And it is.

But, Planet Fitness is not just successful at attracting existing club members from other clubs when they come to town. Because of their low price point, they attract people to exercise

who've never considered joining a gym. This is an important combination in the Planet Fitness success.

This is what branding and marketing should be about and should do. It's Grondahl's distinct edge as a brander/marketer that both the Planet Fitness franchisees and the World Gym licenses receive for the price of admission. They get: **1)** Grondahl's branding and marketing mind, expertise and experience; **2)** the support team for both organizations; **3)** the power of momentum.

As in a football game...momentum rules because it rules the fans and for sure, the minds and attack modes of players. Grondahl's organization has (See *Mike Grondahl* page 18)

Now is the time to fix the future

By Ray Gordon

Life's most urgent question is: What are you doing for others? This quote by Martin Luther King Jr. has never been more pertinent to the health and fitness industry than it is today.

I know that most of the people who work in this industry have gotten some "warm fuzzy" because of someone they have helped. They may have had the opportunity that motivated that person to lose weight, feel better, have more energy, increase his self-esteem or just helped them through a difficult period in their life The list goes on and on. The club owner, trainer, group instructor, membership sales person is usually held in high esteem by the member who succeeded in achieving a positive lifestyle change. The extra effort that you gave to help this member accomplish some of his goals is emotionally given right back to you. Usually it is also given back to you financially as a proud member is motivated to relate his success to others.

You probably will not be a happy long-term success

in our industry unless you really have that deep down core feeling that you are making a difference!

But I challenge everyone with this question: Have you done an extraordinary job with determination, perseverance and a great attitude to change the lives of the new members that really need it?

I am in health clubs across the U.S. every week of the year and am very aware that we need to concentrate on new sales and retention of our existing members for the very economic reason of running a profitable business. Clubs have a varying degree of success from poor retention to acceptable retention. And in most clubs the retention goes up year after year as established members continue with their membership because you have helped them.

What I would like to address in this brief article is the millions and millions of people who have joined clubs with the good intentions of making some self improvement and failed.

HOW WILL YOU BE REMEMBERED?

This is a question for everyone. It is a question for owners, membership sales, trainers, group exercise instructors and basically all staff who have an important opportunity to be a positive influence.

The health and fitness industry has a tremendous responsibility and also a tremendous opportunity to fix the future. Recent studies have emphasized and confirmed the huge financial burden that will be placed on our society because of obesity and an unhealthy lifestyle. Cardiovascular problems alone in America created over a thousand funerals in a day.... And 90% of the problem is neglect.

Drug companies will make billions of dollars as they produce the next miracle cure available to a generally overweight and non-exercising public. While some of these newfound drugs will be essential in the battle of obesity, I wholeheartedly believe that proper nutrition and exercise will always be the best medicine.

Right now is when we build the legacy of the health and fitness industry!

Tom Brokaw once said: "It is easy to make a buck, but is hard to make a difference."

It is time to start making a difference on a daily basis. This means that owners must decide what impression they want to make in their community and ingrain this philosophy in their staff until it permeates the club. Managers must enthusiastically follow all the systems that have been implemented and inspect that their staff is not just doing them but are enthusiastically following the "proven profit procedures". IHRSA provides its members with all the latest studies concerning the benefits of exercise and proper nutrition. Study these reports; use this information to motivate your new members to make it through that crucial first six weeks; make it a goal to earn (not just ask for) member referrals 90 and 180 days after they have joined.

Though no one can



Ray Gordon

go back and make a brand new start, anyone can start from now and make a brand new ending. -Carl Bard

Your future depends on many things, but mostly on you. What will be your legacy in the personally rewarding health and fitness industry?

(Ray Gordon is an experienced membership systems trainer implementing Sales Makers "Proven Profit Procedures" (On-site Training) Email: info@sales-makers.com

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...Insider Speaks

continued from page 6

that the current American health club penetration of just 14.2% of the 300 million U.S. population or 42.7 million health/fitness club members as of 2006, are spread throughout an estimated 29,000 commercial clubs. Think about the fact that a vast majority of clubs are being forced to get by with fewer and fewer members each year. Think about the fact that many, many more new facilities of all kinds are being built each month across the U.S. and this "spread thin" movement is going to march on and on.

Now...think about this question: "WHERE am I going to find more new members?"

The answer: "How about from the estimated 95 to 97% of America's almost 200 million overweight/obese population who are NOT members of health/fitness clubs now?" Another answer: "How about the 78 million 'Baby Boomers' all born after my birth month, January, 1946."

Or, does your club owner mind or staff member mind still go on LOCK-DOWN when someone even mentions creating a focused and dedicated marketing campaign to reach out to those 200 million fat Americans or those 78 million "Baby Boomers"?

If you're in a LOCKED-DOWN mentality...you might as well pack your bags and leave town now. I say this because you are living in the past mentally in an era when your club could get by on "churn" members and when you could run a "price special" to bring in more members when you needed them. And, think about the fact that during that era you didn't have all of the competition that's now sprung up in your marketplace and will continue to pop up, without regard to demographic studies by new club developers, all around you.

Consider that there are now close to a hundred franchise organizations out there putting up new niche and non-niche places. Consider that the big boxes are coming to even your little 'ol market in your little 'ol town. Consider that everybody and his brother are either competing with you now or will be in the next two to five years. Think about the fact that you are in an industry that's gone wild and is in an overbuilding mode that is going to, someday, cause a shake-out of clubs the likes of which none of us have ever seen. Some of us have been at this for awhile. Those of us that have never seen a club growth tear the likes of what is going on now. None of us have seen every possible market niche being filled, a low-price club boom, a "key-card" club building boom or the big-box boys beginning to invade small, middle, not large sized markets.

Sound discouraging? You bet it does. But, I write this alarming "Insider Speaks" piece on purpose to help you NOW, not when it is too late.

I've written before, "The sky is not falling ... **IF** you will make the **right moves** and **keep on working hard.**" But today, I qualify that with: "**IF**" is becoming a monstrous "**IF**" and it's getting bigger and bigger everyday! The "**right moves**" right now are to develop new markets for your club.

#1 on your list should be to develop a new marketing campaign "**targeted**" **directly to the 200 million overweight/obese members in America.** **Whatever you do, get help with this marketing and do it right. DO NOT use your same old club features ads or ads with hot female and male ads. Create entire new marketing campaigns for both thrusts.**

#2 on your list should be to develop services and marketing to attract and serve the maturing American market, specifically the "Baby Boomer" market and older. (70's and 80'). Buy Sandy Coffman's new book (See page **#38**) and employ a marketing firm to help you create this targeted marketing, otherwise you will waste your media dollars.

I predict that in just five years at this club growth pace that the independent club owners who've adapted, changed their marketing focus and have successfully developed marketing campaigns to reach out and bring in the American overweight/obese population and the mature markets ... will be alive, well and thriving.

I also predict that in just five years those independents who continue to live in the past, continue to ignore and scoff at these two huge markets are going to fall by the wayside. If you don't want to fall by the wayside in your club start focusing on, reaching out to and serving these two huge markets of people who truly need to be "Leaving FAT City" and those that now are getting older and enjoying their "Golden Age".

So, I ask now: "Are you still going to continue your chase for "churn" members and the 18 to 34 market, knowing full well that there is no longer a sufficient supply of "churn" and 18 to 34 age group members to support your club and the now 10, 20 or 30 or 40 or 50 or 60 or more new competitors in your market?"

Or, are you going to change, adapt and realize now that the real "opportunity" for your club from now until the end of this decade and at least for the next decade ... will be America's fatso's and America's mature markets. We'll all know if I am right a whole lot sooner than
(See Insider Speaks page 16)



**Member retention is the key
to positive cash flow!**

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...Norm's Notes

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is: **"Saturday trade show hours in the health and fitness trade show business are nothing short of a big, huge waste of time, money and energy for every single vendor in every show."** So, the suggestion I've most frequently heard from other exhibitors is for the *every club business/industry trade show* to switch to Wednesday, Thursday and Friday schedules or a Tuesday, Wednesday and Thursdays for all industry trade shows. That's our two cents worth, but I think I speak safely here for virtually all trade show vendors. So, trade show producers, please realize this is NOT a personal attack on any of you in anyway. My guess is these are words you've probably already ... heard over and over. So, how about listening to this "Pulse" of the industry with respect to trade show scheduling. (YES, I know changes like this take years to arrange, but change won't happen in the future if you don't start now). **Another lowlight**, perhaps the lowlight of the entire Club Industry Show, was the very low attendance of just 65 people (7% of seating capacity) at 11:30 a.m. on Friday morning for **Les Mills International** honcho, **PHILLIP MILLS'**, **Keynote presentation** entitled: **Healthy People, Healthy Planet**. I must add this was the lowest attendance for a "Keynote" speech I've ever seen in 34 years of involvement in our

industry. Rightfully so. His speech was really about and for promotion of his new book entitled: **"Globesity"**. Mills' presentation was made in Room N - 227, the same room with 500 seats that just 24 hours before was slammed with 500 people and a standing room only crowd of about 150 people who came to see Alan Schwartz honored and hear Laila Ali, of **Dancing With the Stars** fame and daughter of the greatest, **MUHAMMAD ALI**, speak.

• **PHILLIP MILLS** and his wife, **Dr. JACKIE MILLS**, are out to *change the world and they want you to go green with them*. That's what their new co-authored book **"Globesity"** is apparently all about. I won't ever know because I do not intend to buy the book and read it. While not indicated by the tiny crowd, his well promoted Keynote speech and presence generated, the Mills' are amongst the **AL GORE** crowd who are fostering the fear of global warming and the global greening movement. I've examined the arguments on both sides. And, from that examination, I've concluded that pretty much ... Phillip Mills' "greening" movement, as apparently set forth in his book, is tantamount to one person removing a single grain of sand from a beach, with long-term plans to move the entire beach. To say this another way, while I think the folks at Club Industry were kind to have Mills speak on an issue that he and his wife are so passionate about,

I do think they pulled a real boner and I think the convention attendees "voted with their feet" and stayed the hell out of that room after reading about it in the Club Industry Program, not wanting to waste their valuable convention time. YES, I know all of us should conserve energy, drive cars that are efficient, etc. Just ask the hypocrite, Al Gore, about that one day when he gets out of his limo, hops into his private jet and travels to one of his four homes, after telling YOU to ride a bus to work and turn your thermostat in your home up in the Summer and down in the Winter. Sure. I conserve energy. But, conserve so I don't have to pay higher electric, gas and water bills. And, I do recycle plastic and cans ... when it's convenient. However, for my heavy thinking and behaviors....I am going to use my mind and energy on things I know I can really contribute to change over time if I stay focused. Sure, the "Greeners" are right ... and if you're a "Greener" more power to you and you're right, too....we're all in this together. However, in this industry I think we are faced with challenges that are important to us and that are much more eminent. Challenges such as: 1) How to make money in your club; 2) When, where and in what form, the next terrorist attack on America will happen; 3) the *fight to defeat obesity* in America and around the globe...4) and YES, to do what we each can do to help **AUGIE** and **LYNNE NIETO** find a cure for and defeat **ALS**. When I encountered Mills on the trade show floor on October 11th, the day before his speech, he *declined my second interview request in the past 2.5 years*, a request I had made by email a few days before. He said to me, "Did you get a message from my people?" (As if he was Al Gore or a movie or rock star!). I said, "NO." Mills then said and I think I quote him pretty closely here, **"The fitness industry has a much greater challenge than group exercise facing it."** That is what I am going to speak about tomorrow. So, if you will attend, you may see where my focus is now and perhaps then you would like

to interview me and produce an article about the need for all of us to realize we have a global crisis and we need to 'green' the world" or words real close to that. My interview invitation and request was for my January, 2008 cover story in which I would publish interviews with Mills and **Body Training Systems' CEO RICH BOGGS**. In my email I made it clear to Mills and Boggs that I would be using identical questions for each of their interviews. My cover story *would have been entitled: "LES MILLS and BTS" VERSUS "Un-programmed Group Exercise In Clubs."* (Or, with the names and logos reversed, pursuant to a coin flip I suggested in the email). I decided to produce this cover story per a suggestion from **CLUB INSIDER News Contributing Author and REX Club Executive Roundtable guru, WILL PHILLIPS**, who sent an email to me on June 8th, 2007 that, amongst other things, said, "I heard you said that there may be a rationale for having two group x companies in the industry and I want to applaud that move. How about a joint article?" The intent of this cover story was to illuminate the opportunities that exist in group exercise for clubs with Les Mills *and* BTS, or BTS *and* Les Mills, especially for clubs that still do their own group ex programming and have not investigated either BTS or LMI. I estimate that number to be over 25,000 clubs! The intent was to share with all of my readers *real information*. Information provided by the leaders of both company's about their approach to group exercise programming. The intent was to provide my readers with information so that you might *make a much more educated choice* as to whether to pick up the phone and call either or both of these companies to learn more. Well...Phillip Mills and "his people" would have no part of a duo interview with Rich Boggs, the leader of their American competitor, Body Training Systems. This second interview rejection makes me feel like Mills has something to hide and makes me recall the first time I requested an interview with him, which he declined, as well. In my opinion, Phil-

lip Mills declined my first interview request because he didn't want more of the truth to be told about what he and his "people" tried to do to BTS, after BTS had invested 7 years and \$5 million to promote the Les Mills programs on a license agreement in North America. An agreement, I might add, that caused BTS to have to invest millions of additional and unplanned for dollars during the first few years to upgrade and make the programs and music Les Mills was producing presentable and acceptable in the North American market. And, I've got to tell you this now, too. Body Training Systems is doing extremely well with new club sign ups and is now in 500 U.S. clubs.

• **CheckFree Health & Fitness** has opened a new 25,000 square-foot Houston office that will feature a *dedicated Client Training Theater* that will provide an enhanced experience for CheckFree Health & Fitness clients who attend the company's monthly training courses. "The opening of our new Houston office reaffirms CheckFree's commitment to the health and fitness industry, and to our clients around the world," said Matt McKernan, Senior Vice President and General Manager of CheckFree Health & Fitness. "We are dedicated to advancing the industry by educating our clients on the best ways to utilize technology to maximize their clubs' performance. The training theater allows us to host classes in an atmosphere tailored to the needs of CheckFree club management software users."

• **Alliance Fitness** was the parent company of **EasyZone Weight Loss Centers** in Canada and the U.S. **ALEX JONES** was the CEO of Alliance Fitness that has now been sold in its entirety to **LA Fitness** (3 clubs), a private investor (1 club) and the rest to **DAVID PATCHEL-EVANS' Good Life Clubs**. Caught in the middle of all of these big money deals are the approximately 95 U.S. and Canadian club owners who invested in **EasyZone Weight Loss Centers**. EasyZone had originally been part of a partnership between **BARRY SEARS**, the author

(See Norm's Notes page 12)



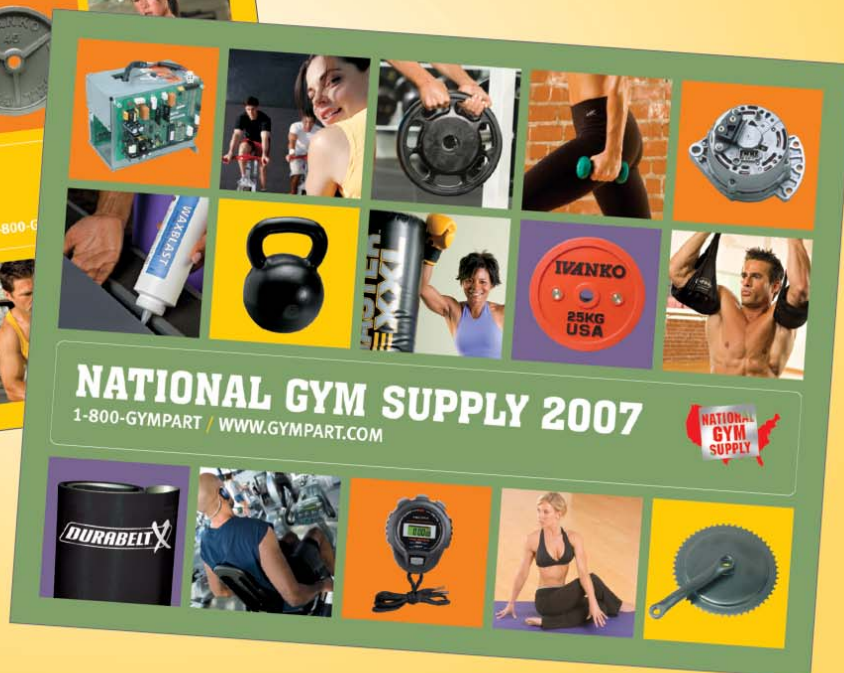
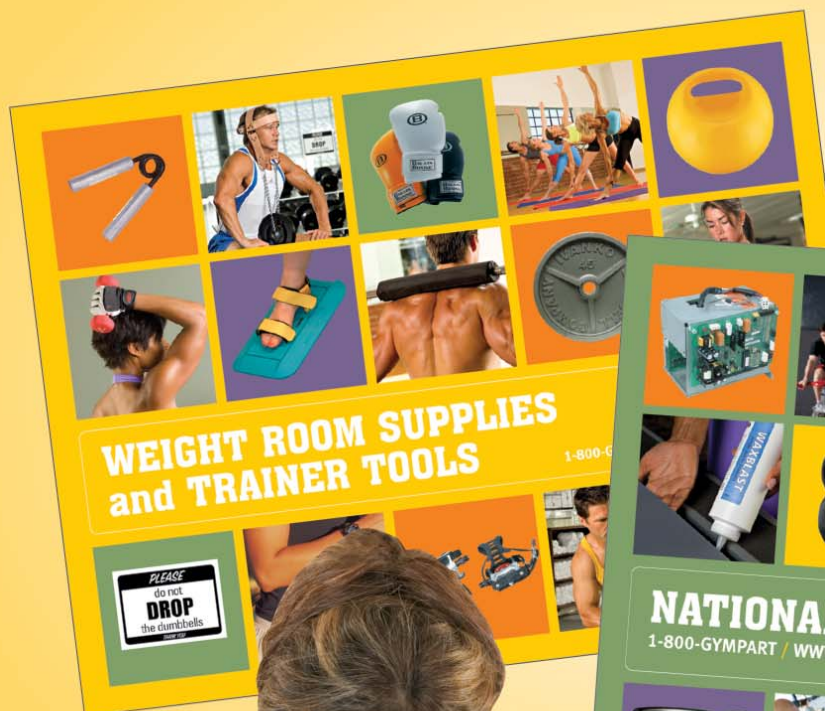
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of the successful book, "**The Zone**", from which the folks at Alliance Fitness had evolved the program to become a full weight loss center licensing program. However, Sears and the Alliance Fitness folks parted company. Because it was no longer possible to market their product under The Zone banner, Alliance Fitness changed the name to EasyZone. After a couple of years of marketing and operations using the name and EasyZone brand the Alliance Fitness folks were slapped with a lawsuit by Sears for Patent and Copyright infringement. This development could have been a huge problem for Alliance Fitness because at the same time, Alex Jones,

CEO, was in talks with LA Fitness about acquiring their entire club chain of 21 clubs, 6 large multi-purpose **Family Fitness Clubs** and 15 **Exclusively Women's Fitness Centers**. However, LA Fitness changed their mind about the deal, and acquired only 3 Alliance Fitness Clubs. Pursuant to the lawsuit, Alliance Fitness negotiated an agreement with Sears for him to drop his lawsuit in exchange for Alliance Fitness' agreement to cease selling and servicing EasyZone businesses in the U.S. and Canada. Enter **FRED ELIAS**, the Director of Education for EasyZone, before the sale of the clubs and before and during the Sears lawsuit. Alliance Fitness had their lawyers send a letter to all EasyZone clients telling them to cease

marketing and providing the EasyZone Meal Plans to their members who had signed up. Fred Elias simultaneously founded a new organization called **Healthy Transformations** and is serving all of the former EasyZone club clients that are still on board. A name change seems to be the result, although consternation resulted for many of those who had signed on with EasyZone. Elias tells me, "I am replacing all of the marketing materials, banners, brochures, etc and servicing all of the EasyZone licensees with the same terms in their original agreements." However, some of the EasyZone clients will not be participating in Elias' Healthy Transformations replacement for the EasyZone service brand because they had already turned to their credit card companies and obtained refunds due to their belief that services would not be rendered. So, some got their money back and some people will get the same trainer and training and virtually the same materials and product, with a changed name. Elias is providing a bonus of the software on a complimentary basis, which was not part of their original EasyZone deal. So, my hats off to Fred Elias! And, congratulations to **ALEX** and **NORMA JONES** as they look forward to many happy sunsets after Alex Jones cashed in on his 35+ year club industry career for a sum of reportedly **\$6+ million**.

• More news just in: The **National Fitness Business Alliance** announces: **Women In Fitness ... Total Support for Women in the Fitness Business!** The National Fitness Business Alliance is proud to introduce a new company to our Alliance Member Team. Women in Fitness, is a consulting and management company designed to help women looking to expand their business knowledge in the fitness industry. Please call us today **877-999-5660**. Additionally the NFBA announced it is featuring a Fall Sale on their line of books and educational materials. Check out the NFBA ad on page #27.

• Denver-based **Ohlson Lavoie Collaborative**, an architectural firm specializing in the design of well-

ness, recreation, fitness and aquatic facilities, announced today that contractor **M.J. Harris** of Birmingham, Ala., has started construction on the 75,400 square-foot **Good Shepherd Wellness Center** in Longview, Texas.

• In the past, I've mentioned that by getting involved you can make a difference in what your government does. Here is a perfect example. **Michigan club owners** and **IHRSA's Public Policy Team's** hard work paid off recently. After a marathon session recently at the Michigan State House that ended in a 4am vote, the Michigan Legislature passed a tax package that **does not extend the sales tax to health club dues**. This is a victory for fitness professionals and health club consumers across the state of Michigan. This victory is the result of countless hours of hard work by the grassroots advocacy group that educated and persuaded Michigan legislators with over 1,200 emails sent by fitness professionals and consumers through **IHRSA's websites**.

• **PAT LAUS**, owner, **The Atlantic Club**, **MIKE EPSTEIN**, co-owner, **Gold's Gym** Paramus, **MARK STEINFELD**, owner, **Gold's Gyms of the Jersey Shore** and **AMY BANTHAM**, issued this memo to provide New Jersey club owners with an update and a guide on how to proceed to impact the **Public Policy** front in New Jersey: The second **New Jersey Coalition of Fitness Professionals** meeting took place last Thursday, September 27th at the **Atlantic Club** in Manasquan. **Assemblymen BILL BARONI** and **SEAN KEAN**, **Assemblywoman JENNIFER BECK** and **Senator ROBERT SINGER** joined over 50 of our colleagues at this Town Hall Meeting on Healthy Lifestyles. The message from our New Jersey legislators was loud and clear: •The health and fitness community has a real chance to repeal the sales tax on for-profit health club memberships. •The time is now - this could be decided as early as November. •Repealing the sales tax will require a tremendous advocacy effort over the next several weeks. This is our

opportunity. Our last effort gathered 17,000 petition signatures and generated 3,500 e-mails to Trenton. This time we can do even more. Let's each commit to taking these 3 steps: **#1)** Write an email to your legislators using IHRSA's advocacy website for fitness professionals using the link below. **#2)** Engage your members in the sales tax repeal effort by **downloading IHRSA's new Sales Tax Tool Kit** at www.ihrsa.org/newjersey and encouraging them to write their own emails at www.healthclubs.com/exerciseyourrights **#3)** Stay active and look for updates from IHRSA. **Let's aim for 1,000 petition signatures and 300 e-mails per club by October 23rd.** Together, we can get this done. **Publisher's NOTE:** This memo may be used as a guide by club owners who wish to become leaders on the Public Policy front in their own State. **Get up and go leaders in each State in the USA!**

• **DAVID PATCHEL - EVANS**, Founder of **Goodlife Fitness**, was honored by the **Canadian Medical Association (CMA)** with its **2007 CMA Medal of Honour** for his personal contributions to advancing medical research and education," said **CMA President Dr. COLIN McMILLAN**. "David Patchell-Evans' dedication to, and efforts on behalf of, helping scientists find a cause and cure for autism is nothing short of inspirational. He is a very worthy recipient of this award." Patchell-Evans daughter, **KILEE** was diagnosed with Autism in 2004 and Patch committed more than \$1.5 million of his personal resources to found **Kilee Patchell-Evans Autism Research Group. Congratulations Patch!**

• **JIM BOOKER**, the brother of the late **DON BOOKER**, passed away at his home in Alpharetta, Georgia October 2, 2007. Jim, and his brother Don, were true pioneers in our industry as they started in the 1954 with their first gym in Kansas City, MO.. They continued their industry involvement in Atlanta when they built 9 **American Fitness Centers** and a chain of **Mademoiselle Spas** serving well over a hundred thousand members. In the late 1980's

(See Norm's Notes page 14)

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they sold American Fitness to Bally Total Fitness. Jim Booker was taken by pancreatic cancer. Sincere condolences to the Booker family for their loss. May Jim Booker rest in peace.

• **HOWARD RAVIS**, formerly with **Club Industry**, informed me this morning that **DR. DENNIS COLACINO** has passed away. He served as Director of **Pepsi Co's** worldwide Health and Services and Managing Director of **HEART and Cardio Fitness Corporation**, and as Executive Vice-President of **Health Fitness Corporation**. He was Co-Founder, Board member and past-president of **The Association for Fitness in Business**

(now part of **American College of Sports Medicine**) and served on the board of many health and fitness companies. Dr. Colacino was a professor of Preventive Medicine from 1985-2005 at **New York Medical College** and from 1983-1985. He served as Director of the Master Program in Health and Fitness. (Credit: <http://fitnessindustryexperts.com/about>) Howard informs me that Dennis was a frequent speaker at industry conferences. Howard wrote: "He was both a gentle man and a gentleman." Because I was at deadline for this issue I was not able to ascertain the date of his passing. It is believed he succumbed to cancer after a long battle for life as he had become part of an experimental treatment

program that was featured on NBC's Dateline a few years ago. I'd like to extend sincere condolences to the Colacino family. May Dennis Colacino rest in peace.

• Mentioning **HOWARD RAVIS**, I'd like to draw your attention to the ad I've published for Howard right below this Note.. Howard is a wonderful guy who is looking for a new business home after departing from **Club Industry** last year. Howard may be reached at: **HSRAVIS@aol.com**

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• This just in from **IHRSA**! **IHRSA Joins Advisory Council of "Campaign to End Obesity"** ! We are pleased to announce our acceptance of an invitation to join the Advisory Council of the Campaign to End Obesity (CEO). Based in Washington, DC, the CEO was established to bring together organizations and individuals from across an array of interests to collaborate in the fight to reverse America's costly obesity epidemic. Through the engagement and education of policymakers, public awareness initiatives and collaborative programs between and among leading stakeholders, the CEO will work to identify and facilitate the changes needed to battle obesity, perhaps the leading public health emergency facing our nation today. We look forward to working with the CEO and continuing to encourage the adoption of policies that recognize the transformative power of physical activity.

• Old friend, **HANS**

MUENCH, will re-join the **IHRSA Team** in January 2008 as the new **IHRSA European Director**. He will work out of Munich, Germany. Years ago, Hans was the man who started IHRSA's international development program. And, very successful he was. A press release issued by IHRSA on October 18, 2007 read: "A German citizen, Hans has a rich history in the fitness industry, ranging from chief development officer of a small chain of health clubs to senior executive positions in major fitness equipment companies including Life Fitness Europe and, currently, Nautilus Germany. We spent the summer months talking to our European members and partners to learn more about their needs to help us determine the qualities and skills that were necessary in this position," said **JOE MOORE**, President/CEO of IHRSA. "Hans embodies what we were looking for, and we are thrilled to have him back on the team", Moore added.

• **DR. KENNETH COOPER**, the man that will always be known as "**The Father of Aerobics**", recently weighed in with comments on strength training to author, **PATTI GHEZZI**, shared by **IHRSA President/CEO, JOE MOORE**. Ghezzi wrote: "Almost 40 years after Dr. Kenneth Cooper coined the term "aerobics," a concept that would later spawn a generation of spandex-clad cardio junkies, some trainers are steering their clients away from traditional cardio-intensive workouts and toward mostly strength moves. Even Cooper now believes strength training is important. Some people -- those fighting aging and those with injuries -- benefit from more time on muscle conditioning than cardiovascular exercise", he said in an interview from his Texas clinic. Meanwhile, Cooper, 76, suggests an ongoing shift to more strength work as you age. His advice is based on his experience. As he aged, he had endurance but he lacked strength. He started lifting weights. "Some younger athletes need to shift away from cardio because of injuries", he said. "If your body starts breaking down, listen to it." **AMEN DOC!**

• **JOE and HEATH-**

ER GRAVES, my friends and the owners/operators of **Vitabot**, have added a number of upgrades to the **Vitabot Nutrition Plan** including new Tutorials for all special features with videos entitled: Enhanced Create a Mealplan Demo; Cut-Copy-Paste-Sort, & Shopping Lists; Search Top Mealplans of Other Users and Create a Recipe. And, they added: • New Recipe Functionality • An Easier Navigational tool for Adding foods to your Meal Plan, Recipes, Favorites, and Custom Foods. • New Marketing Posters in your Media Center • Editing Tool for Customizing Your Own Marketing Materials • An easy Log In Button for Access to Your Clients' Menus. You may reach my friends and CLUB INSIDER News advertisers at: **301-864-3886** or email: heather@vitabot.com

• **Town Sports International Holdings, Inc.** announced on October 4th that **CEO ROBERT GIARDINA**, will resign from his position with the Company due to personal and health reasons. Bob's resignation will be effective October 31, 2007. He will continue to serve as a member on the Board of Directors and will work with the Company in an advisory capacity. Good luck in your lower key life, Bob! **ALEX ALIMANESTIANU**, 48, will succeed Giardina as CEO effective November 1, 2007. Alex will continue to serve at President until Nov. 1st and was given a seat on the **TSI Board of Directors**. **PAUL ARNOLD**, Chairman of the Board, commented: "I am confident that this will be a smooth transition as Alex has been with the Company for 17 years and has worked very closely with Bob in taking TSI to where it is today. Alex is a highly talented individual, with strong strategic skills and leadership capabilities and we look forward to working with him."

• **HAROLD MORGAN** is the **Chief Administrative Officer for Bally Total Fitness**. I had a chance to chat with Harold at the **IHRSA Associate Member Reception** during **Club Industry** in Chicago. I tipped my hat to him for all he's been through these past four

(See Norm's Notes page 16)

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

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Jim Thomas

seminars and workshops across the country on the practical skills required to successfully build teamwork and market fitness programs and products.

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

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

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



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...Norm's Notes

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years. Not only was he right in the middle of all that went on before, during and after the **Bally Chapter 11 Bankruptcy**, he served on the **IHRSA Board of Directors** for the past four years. I gave Harold three clues of advice to pass on to the **Harbinger Capital Group**, the new 100% equity owners who invested \$233.6 million to help Bally emerge from bankruptcy in an amazing two months. My advice to them applies to your club, too, Bally and all of you can do with my input as you wish: #1) I told them to clean up their clubs and keep them clean from now on; #2) I urged them to get out of the membership finance business and move their club chain to a monthly dues model, like the most successful IHRSA clubs and #3) I suggested that Bally should carefully look at the entire team that is still there and make some hard decisions on who really should stay and who should go. And, I said to filter down a mentality of hiring quality people to work in the clubs. (Not tattooed, muscle-head thugs like I encountered at a Bally Total Fitness located in a Mall in Albany, New York in the Summer of 2005.)

• **This just in!** The month after the passing of the genius, **ARTHUR JONES**, the inventor and founder of **Nautilus**, (see **The CLUB INSIDER News** September, 2007 edition) and the departure of their CEO, Nautilus released figures documenting that this venerable company has taken a real nose-dive this year. Check out these numbers just released by the company! Nautilus reported that net sales for the three months ended September 30, 2007, were **\$134 million**, compared to **\$159.6 million** for the corresponding period last year, **down 16 percent**. **Net loss** for the third quarter, including charges of 13 cents related to bad debt reserves for a customer's pending bankruptcy and costs associated with the departure of the Company's former CEO, **was \$13.3 million**, or \$0.42 per diluted share, compared to income of \$9.4 million, or \$0.29 per diluted share, for the third quarter of 2006. The year-ago third quarter included a tax reserve reversal of \$3.0 million, or 9 cents per share. Excluding the tax reversal, net income for the quarter was \$6.4 million, or \$0.20 per diluted share. I wonder if the Nautilus folks realize that club owner/operators across America watch TV? Appar-

ently they don't think they do, because they continue to run their **BowFlex ads** telling the public that you don't need to join a health club. **Anybody at Nautilus have a comment for me about that? I am here to listen: 770.850.8506.**

• **Democrats, Republicans or Independents or Americans** who don't pay any attention to politics, may all want to know about a new organization created by **NEWT GINGRICH**, former **Georgia Congressman and Speaker of the House**. Gingrich spent the last year working on an organization called: **American Solutions For Winning the Future**, a unique non-partisan organization designed to rise above traditional gridlocked partisanship, to provide real, significant solutions to the most important issues facing our country. American Solutions is a grass roots organization of American citizens who are genuinely concerned with the lack of solutions coming from our elected representatives across America. (For example, the U.S. Congress now has a 11% approval rating by Americans.) This process of changing America began on Thursday evening, September 27, 2007. I am proud to tell you I attended the kick off event at the Galleria Center

here in Atlanta. There were Democrats, Republicans and Independents amongst the 1,000 in attendance. That following Saturday, American Solutions launched 35 workshops across America facilitated by concerned leaders from all walks of life. That same day, Newt Gingrich was doing some heavy thinking. He had learned overnight that there might be issues with his leadership of American Solutions, should he decide to run for President at a later date. A true American patriot, the next day, Sunday, September 30th Gingrich announced that he will not be a Presidential candidate in 2008. He explained on TV that he could not even be considered for President right now because he would have to totally abandon all of his work with the new American Solutions due to campaign rules and that would not be fair to the many folks who'd worked with him for the past year. Folks, this movement is NOT about politics. Instead, it's about a bi-partisan movement of Americans who are truly concerned with the direction America is going and who've set out to make changes via their own focus and work. If you are like I am and think our elected officials, especially in the U.S. Congress, are spinning their

wheels, please learn more for yourself. Go to: www.americansolutions.com

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

• **STAY TUNED!**

(Norm Cates, Jr. is a 34-year veteran of the health, racquet and sports club industry. Cates was the Founder and is now celebrating his 15th Anniversary as the Publisher of **The CLUB INSIDER News**. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In March, 2001, IHRSA honored Cates with its **DALE DIBBLE Distinguished Service Award**, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

...Insider Speaks

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the year 2020.

If there was ever a club owner I wanted to see

go out of business, I'd say to him: **"STAY AS YOU ARE. DON'T EVER CHANGE."**

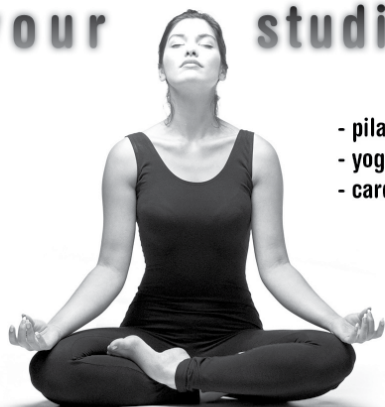
(Norm Cates, Jr. is a 34-year veteran of the health, rac-

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...Mike Grondahl

continued from page 6

developed huge momentum. And, this momentum excites the Planet Fitness and World Gym Teams and that carries over to club owner/operators.

An important ingredient for Planet Fitness is they teach their members how to use the equipment through scheduled group equipment training sessions that are published on paper and posted and distributed in the clubs, just as group exercise classes are published on paper in clubs where group ex classes are offered. This mass training process gets the Planet Fitness member early on to a point where he can use the equipment and use it properly; thus, he begins to get results early on, too. How many clubs in America with any high volume can actually say that? Not many, I would wager. And, this service is not a bad deal for someone paying \$10 a month, because the member can go back for a refresher session anytime he wants. Some clubs offer very few sessions while others create more frequent orientations. Still, it may not solve the anxieties of a completely new exerciser.

Ironically, in a time period where I believe that club growth is continuing at way too fast of a pace, this author now reports on more growth.

But, here I would like to clarify my objections to the excessive growth I am seeing and that I write about in this very issue in my "Insider Speaks" column on page #6. It is my opinion that the franchise segment of the industry has way too many franchises and licensors selling to people with zero experience in this industry. People that don't really have any industry experience and really do not fully comprehend what they are getting into. Until it is too late. For those people who don't know what they're doing, there are a finite number of fitness franchisors and licensors who've assembled the necessary organization, training and support to give their franchisees or licensees a decent start and a real chance for survival. Time will tell how long before there is a true shakeout in the club

business franchising and licensing segment. Word I get is it may have already started in Oklahoma. (Stay tuned.)

Following a 14-year run for Planet Fitness, in which Grondahl has grown the company from one single Planet Fitness location in New Hampshire to now 18 company-owned stores and 226 franchised Planet locations serving hundreds of thousands of members, Grondahl acquired World Gym International from Mike Uretz last year.

So, now comes Grondahl with another thrust for industry growth via the use of the World Gym brand. A new franchise for World Gym key clubs is coming. But importantly, Grondahl, and the people he's surrounded himself with, his brother Marc, Chris Rondeau and new Planet Fitness and World Gym President, Ben Midgley, know what they're doing. And, they intend to sell these World Gym key card franchises to people who know what they are doing.

In Las Vegas in September, Grondahl, his Team and Mike Uretz met for the first time with World Gym licensees going to have to pay to retain their rights to the World Gym name and support? A number of World Gym owners expressed concern about a number of issues. One of the first was: "Why had it taken Grondahl and his Team so long to meet with them?" And, a primary issue, amongst many discussed at the Vegas Rio Hotel Conference Center meeting, was how much were World Gym licensees going to have to pay to retain their rights to the World Gym name and support?

Mike Grondahl spoke with me today about the second question and to summarize, he said: "I learned from the Gold's Gym transition and took that experience to create a plan for the World Gym owners that works. #1) No contract; #2) They pay us \$1,000 per month; #3) they may cancel with 30 days' notice. It's working big time!"

Now, with the World Gym licensing organization at approximately 230 World Gym clubs heading in the right direction, Grondahl has turned his attention to this new product to be marketed under the World Gym banner:

World Gym key clubs. (It's not officially named yet).

Grondahl's said today: "We have some twists we are putting on the concept with branding and marketing. The response has been phenomenal so far!"

So, I asked Grondahl why he decided to pursue this key club market and what those twists in branding and marketing are.

Grondahl, replying to my question: "Why did you decide to pursue this key club market?", said, "Snap Fitness and Anytime Fitness are growing like weeds. Initially, I dismissed them and thought they were going to be like the next Curves that sells because of the low financial entry barrier. But, the more I thought about it, I realized there were a lot of areas in the U.S. where people want to work out, but those markets won't support a traditional club. The more I'm looking at their growth, I'm thinking to myself, 'Anytime Fitness and Snap Fitness, these aren't brands.' But, I shouldn't come across here as cutting them down. But, put the World Gym name with a key club concept, that means something to people in those markets-markets where only 20,000 people live in a 5-mile radius. It made sense to me to take one of the best brands in the industry, World Gym and put it onto a great business model. (The key club concept). Let's face it. Planet Fitness already has a low end (price) model. So, I can't do a low end World Gym model.

I really think Anytime, Snap, Planet Fitness and World Gym are what will make John McCarthy's dream of 50 million members in the U.S. by 2010 come true. I mean... the cities are full of clubs now. But, let's face it. Most of America lives in small towns." (And, there are thousands of small American towns without fitness facilities).

Grondahl continued, "To be honest, I'd love to tell you I invented the key card concept. But, I didn't. We looked at Anytime and Snap and we said, 'You know what? If it was a World Gym key club, it'd do better.'"

CLUB INSIDER — From my point of view, I think people have got to put in the "Grondahl Factor".

Mike Grondahl — "Well Norm, that's the other thing. Everyone has said to us that if you buy an Anytime or a Snap, yes, you get the key card business concept. But, the difference when you buy a World Gym concept is you're going to get our marketing help. That's going to be the differentiator between World Gym and them.

Replying to my question, "What are those 'twists' in branding and marketing you mentioned?", Grondahl replied, "We're coming with branded equipment. We've revised the World Gym Mission Statement. Then, layered on top of that ... we're going to use our best marketing techniques to drive new members through the door. We have some very, very low-price marketing techniques that work just great. Our most successful pieces will be worked into our World Gym marketing. We will be employing about 30% of our Planet Fitness marketing techniques initially with our World Gym key club concept."

So folks, here is a preview of what is to come. I will close with this. Across America club owners will become more and more chal-

lenged about the question: "With all this new competition, where will I get more new members from?" There are several sources for the untapped new member market and I argue this case in my "Insider Speaks" column on page #6 this month.

Mike Grondahl's success now with Planet Fitness has shown that branding and marketing is the key to new members. That's why success for Grondahl's latest thrust with the World Gym key clubs is probable. Branding and marketing. **STAY TUNED!**

(Norm Cates, Jr. is a 34-year veteran of the health, racquet and sports club industry. Cates was the Founder and is now celebrating his 15th Anniversary as the Publisher of The CLUB INSIDER News. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

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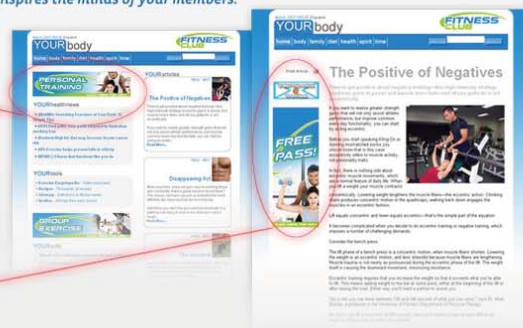


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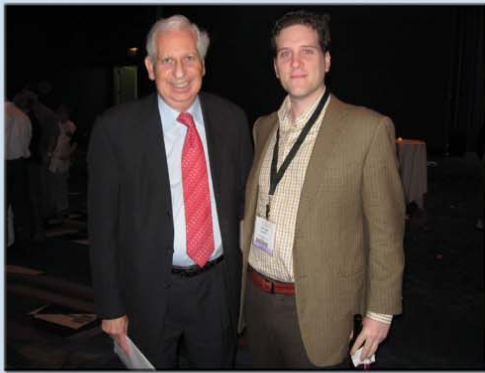
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...Augie Nieto

continued from page 3

gist Jean-Martin Charcot. Although the cause of ALS is not completely understood, the last decade has brought a wealth of new scientific understanding about the disease that provides hope for the future.

Most commonly, the disease strikes people between the ages of 40 and 70 and as many as 30,000 Americans have the disease at any given time. It is estimated that 250,000 suffer from ALS worldwide.

N.Y. Yankee, **Lou Gehrig**, Hall of Fame pitcher **Jim "Catfish" Hunter**, Senator **Jacob Javits**, actor **David Niven**, creator of Sesame Street **Jon Stone**, boxing champion **Ezzard Charles**, NBA Hall of Fame basketball player **George Yardley**, pro football player **Glenn Montgomery**, entertainer **Dennis Day**, jazz musician **Charles Mingus**, composer **Dimitri Shostakovich**, former vice president of the United States **Henry A. Wallace** and U.S. Army General **Maxwell Taylor** died from ALS.

Familial ALS represents between five to 10 percent of all cases. The rest arise spontaneously and mysteriously, making seemingly random attacks on previously healthy adults. ALS can strike anyone, anytime.

More significant advances of research into ALS has occurred in the last decade than all of the time since Charcot identified the disease. Advances in technology and the genetic revolution are aiding researchers in unlocking the ALS mystery. As more scientists focus on this perplexing disease, the outlook for new understanding brightens each day.

Although the mean survival time with ALS is three to five years, many people live five, ten or more years after contracting this terrible disease. But, in contrast to some diseases that may take a similar amount of time to take us to the hereafter, ALS does so in a brutal, savage and ruthless manner that destroys the quality of

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life for the person. Since ALS attacks only motor neurons, the senses of sight, touch, hearing, taste and smell are not affected. For many people, muscles of the eyes and bladder are generally not affected. But, the truth is ALS takes away the use of your body almost completely, except for the remaining senses ... before it finally takes life away.

The ALS clock is ticking for our industry's great friend, Augie Nieto and thousands of others. But, for sure, Augie Nieto is not an average human being. So, it is entirely possible Augie will continue his battle with ALS for years and will lead the way in finding a cure for ALS.

"AUGIE'S QUEST"...An Amazing Fundraising Effort In Progress

Augie and his loving wife, Lynne, are not letting this dread disease stop them from a brave and strong response and search for a cure. In fact, Augie and Lynne, are fighting extremely hard for his life and the lives of 30,000 Americans and thousands of others who also suffer from ALS. "Augie's Quest", the organization Augie and Lynne created two years ago, to change the way ALS research was being done, has raised \$11,348,463 as of October 22, 2007. Augie and Lynne's goal for "Augie's Quest" is to raise \$18 million in 36 months. To achieve this goal, Augie and Lynne need the help of all of us and they need the help of millions of your members. We should all join together to help Augie and Lynne mobilize thousands of club industry people and in turn, millions of your members to help find a Cure for ALS.

T.R. Pearson is the Co-author of Augie's amazing new book and comments by Pearson about the book, **"From Success to Significance...AUGIE'S QUEST"** precede Augie and Lynne's interview comments in this report.

By the time you finish this read it is my hope and the hope of Augie and Lynne, T.R. Pearson, John McCarthy, Mitch Album and everyone involved in "Augie's Quest" (See Beach Bash Ad

on page #2) that you will truly understand the brutal and ruthless nature of this debilitating and killer disease and its risk to you and your loved ones. We all should become involved in finding a Cure for ALS. My hope and prayer is that the result of this reading will be that you will make a conscious decision to become involved in this fight today. And, the hope is that you will not only donate what you can to "Augie's Quest" (www.augiesquest.com) for this so very important fight, you will also find many ways to involve your members in the fundraising needed to win the battle for a cure.

It is my belief and my prayer that Augie and Lynne Nieto WILL find a cure for ALS. It is also my prayer that the cure will come in time to save Augie Nieto's life and the lives of thousands of others.

Regardless of the outcome of this race with time, Augie's eulogy will remember him for the contribution he made to this world and the amazing life he lived both before and after ALS. Augie Nieto surely will be remembered for his work with Lifecycle and Life Fitness, and how those companies helped all of us in this industry, because Life Fitness led the way in the development of many new cardio fitness equipment companies and products.

Someday, the world will remember Augie and Lynne Nieto for their all-out attack on ALS through the Augie's Quest organization he created to change the way research was being done and continued, to win the fight against ALS.

Few men and women on earth have ever had the power, the wherewithal and the guts to fight a disease that was slowly killing them, as Augie and Lynne Nieto have fought ALS. I hope and pray that you will join Augie and Lynne in this Fight for the Cure.

T.R. Pearson Co-authored Augie's new book, **"From Success to Significance...AUGIE'S QUEST"**. The writing that follows is by Augie Nieto and T.R. Pearson and provides an overview of this new book. All proceeds from the book sales will go to Augie's Quest research

fund, a fund dedicated totally to ALS research and it will be available in hard copy on November 13, 2007 via www.augiesquest.com

AUGIE'S QUEST

By Augie Nieto and T. R. Pearson

In the summer of 2004, forty-six-year-old Augie Nieto noticed a vague frailness in his limbs along with the onset of a maddening fasciculation -- an increasingly relentless twitching of the muscles throughout his body. By March of 2005, the symptoms had grown sufficiently pronounced to send Nieto and his wife, Lynne, to the Tucson branch of the Mayo Clinic where Augie submitted to four days of testing as a team of specialists systematically eliminated potential afflictions. Only once a spinal tap had ruled out the possibility of multiple sclerosis did the verdict become clear.

The clinic's chief neurologist delivered the diagnosis to a numb and stricken Augie Nieto. He had amyotrophic lateral sclerosis. Lou Gehrig's disease. The progression, Augie was assured, was likely to be swift and devastating. The cause of the affliction was as yet unsettled. Treatment, effectively nonexistent. "You'd best," the doctor suggested to Augie, "get your affairs in order."

Always cruel and invariably fatal, Augie's ALS couldn't fail to strike his friends and colleagues as bitterly ironic as well. Augie Nieto had long been a paragon of fitness, both personally and professionally, and now his body was betraying him. Overweight in his youth, Augie had jogged away over one hundred pounds as a teen and had become evangelical about exercise. While a freshman at Claremont College, he had opened a gym on campus and had begun to dabble in equipment sales. At the time, Lifecycle was used exclusively in medical settings for stress test patients. But, Ray Wilson recognized a potential complement to the weight machines that dominated exercise clubs of the day.

Ray Wilson negotiated the worldwide distribution rights from the inventor,

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repackaged the bike -- now called The Lifecycle -- in a bright, canary yellow housing, and a multi-billion dollar business was born. Ray Wilson hired Augie Nieto and the rest is history. Colleagues in the field are quick today to acknowledge Augie as the Henry Ford of the cardio fitness industry. Every bank of treadmills, stairclimbers and elliptical trainers in public gyms throughout the country had their beginnings in that resourced yellow stationary bike that Ray Wilson and young Augie Nieto marketed initially by giving away.

Personally, Augie served as an advertisement for the Lifecycle's effectiveness. He kept himself impeccably fit. He was a marathoner, a weightlifter and an enviable chiseled specimen who, in the spring of 2005, suddenly found himself in the grips of a mortal disease with degenerative symptoms of almost medieval nastiness. Driven by a desperate hope he had been misdiagnosed, Augie visited a half dozen ALS experts throughout the country only to have his affliction reconfirmed time and again. Despair set in along with sufficient self-pity and rage to drive Augie into a debilitating depression that culminated, in the summer of 2005, in a suicide attempt.

Augie passed nearly a week hospitalized and unconscious from an overdose of anti-depressants. He awoke to the wounded indignation of his family who refused to believe the Augie Nieto they knew and loved was capable of surrendering so readily in the face of a challenge. Their faith in Augie renewed his own in himself, and Augie began, for the first time since his diagnosis, to analyze his predicament with the brand of vision and savvy that had long marked his professional career.

He acquainted himself with the status of ALS research and therapy. There was at the time one drug, Rilutek, routinely prescribed to ALS patients, a compound capable of extending life for sixty days at best. There

(See Augie Nieto page 24)

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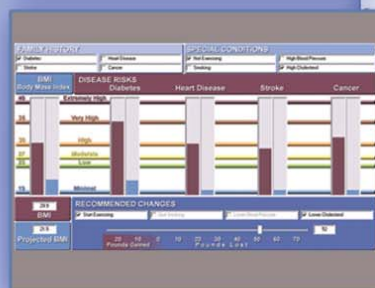
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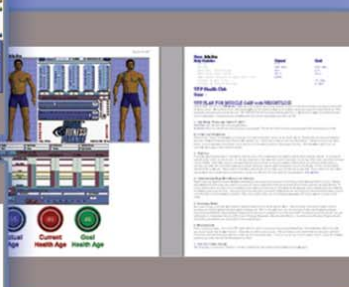
"We are extremely excited about the benefits to our customers' daily business functions that these features deliver," said Daron Allen, President/CEO of Visual Fitness Planner. "I truly believe that our technology platform sets the standard for the sales and marketing efforts of the health and fitness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



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...Augie Nieto

continued from page 22

was no other useful treatment and an alarming dearth of knowledge about the root causes of the disease. Augie was prompted to recall the 'experts' he had visited in the wake of his Mayo Clinic diagnosis. Each had been attached to a university hospital. Each had promoted a unique theory of the genesis of ALS. And none of these doctors had demonstrated any working knowledge of or passing interest in competing theories. Petty academic jealousies in combination with the relative scarcity of research grants had effectively functioned to isolate these leading ALS experts from each other. "That," Augie told himself, "is no way to run a business."

What ensued was a revelation. Augie Nieto called upon his instincts and experience as an entrepreneur to develop a new and revolutionary model for private medical research and development, an industrial model that would be nimble and efficient as opposed to the lethargic and largely ineffective academic model that had prevailed for decades. Augie proposed that the funders of medical research should be considered investors. The patients, customers. The object of the entire enterprise would be nothing less than a cure for ALS through any means available, while Augie simultaneously recognized that the rights for potential drug therapies could well be worth billions of dollars. There would be no pet theories in Augie's model and no allegiance to conventional medical wisdom. All treatment options, no matter how eccentric, would be worthy of consideration.

After researching the general state of ALS research and patient care, Augie Nieto approached the Muscular Dystrophy Association, which operates an extensive network of ALS clinics throughout the country. Notoriously hide-bound in its policies and practices – the MDA's president just celebrated his fiftieth with the association – the MDA

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yielded to Augie's charm and sales offensive and signed an exacting contract that permits Augie and his foundation, Augie's Quest, access to MDA clinics and matching funds from the association in conjunction with total autonomy.

Augie's ALS Therapy Development Institute in Cambridge, Massachusetts, now coordinates and oversees ALS research and testing across the globe. It is run by Sean Scott, an amateur much like Augie. Scott has no medical training. He was, in fact, a horror movie director before his mother died of ALS. Hers was the familial strain, which appreciably elevates Sean Scott's likelihood of developing the disease. In the wake of his mother's death, Scott read every neurological textbook he could lay his hands on and, a remarkable autodidact, made of himself an expert in the exhaustive mutations and vagaries of ALS. Sean Scott has subsequently earned the respect of leading physicians and researchers throughout the world, no small thing for a layman.

In little more than a year, Augie and Sean have succeeded in revolutionizing ALS research. They have overhauled testing protocols of longstanding, have streamlined the movement of potential drug therapies from the lab to the patient, and have funded cutting-edge genetic research while identifying promising (and likely profitable) pharmaceutical pathways for the treatment of the debilitating symptoms of ALS. Drugs capable of slowing and even reversing the effects of ALS appear relatively close at hand. An outright defeat of ALS is, perhaps, just over the horizon.

With his entrepreneurial approach to the search for a cure, Augie Nieto is at the forefront of a blossoming trend in medical research. Frustrated by the strings attached to federal dollars and the glacial pace of academic testing, enlightened advocates in the fields of Parkinson's disease, autism and Alzheimer's are following Augie's example and championing his break-all-the-rules approach to medical inquiry. In the course of overcoming a devastating

diagnosis and applying his appreciable business sense and instincts to a cure for his affliction, Augie Nieto has begun to change the world at the very moment he seems in peril of leaving it. Augie's Quest is his story.

An Amazing Interview with Augie and Lynne Nieto

Q-1) Augie, in the dedication of your amazing new book entitled: **"One Man's Journey from Success to Significance"** and Co-authored with T.R. Pearson, you write: *"This book is dedicated to Lynne, my wife, soul mate, and the love of my life, and to our four children, Austin, Lindsay, Nicole, and Danielle. I was drafted and they enlisted in this war. I will be indebted to them for the rest of my life. I also dedicate this book to the past, present, and future sufferers of ALS. I will donate all proceeds from this book to Augie's Quest. All my love, Augie."*

-My first question is: "Augie, tell us how you've found your way to create Augie's Quest and as of this date, raised \$11,348,463 in just 23 months?"

AUGIE NIETO – I didn't just get diagnosed and decide to start my Quest. I went through an emotional roller coaster. The first emotion was denial. That was the best. Then I transitioned to anger. From there I moved to "Why me?". That is the stage where you feel sorry for yourself. The fourth stage was the most difficult.... "What did I do to deserve this?" You ask questions like "Is there a God? If there is a God, how could he be so mean?" Lynne gave me a book, "When bad things happen to good people". It allowed me to transition to the last and final stage.... Acceptance. I was able to act, not react. I was back in control.

Q-2) Augie, the key message of this report that you want to share with our readers and the world is: "You can't control what happens to you.... You can control how you respond! The love and support from the fitness industry is the fuel for my fire."

- What has the adop-

tion of this mindset, and sharing it with others, done for you and Lynne in this huge challenge of finding a cure for ALS?

AUGIE – I spent my entire life trying to be independent. That is why I started my own business. To know you have a disease that will take away every ounce of freedom, you can either crawl underneath a rock or try to redefine normal every day. You can either morn what you can't do or celebrate what you can do!

Q-3) As the man whom I call "The Henry Ford of the health/fitness industry", you took the opportunity as a young man right out of college to join Ray Wilson to launch Lifecycle in 1978. Working with Ray, but largely through your efforts, Lifecycle grew to become a huge success worldwide. Then, after you and by then, your partner, Ray Wilson sold Lifecycle to Bally Manufacturing...you stayed with the company and grew Lifecycle to become Life Fitness, now the world's largest cardio and strength equipment manufacturer. Of course, your own deep personal dedication to regular exercise and fitness, continued from your college days for 25+ years, until the recent point in time where the debilitating disease, ALS has bound you to a wheel chair because you've lost your ability to walk or even use your arms and hands, much less exercise, must have been devastating for you.

- My question is: "What has it been like for you ... not only to be facing a premature death, but by now to have lost your ability to walk and use your arms, thus rendering your love for regular exercise to the status of something in your past until you find a cure for ALS?"

AUGIE – I have an incredible gift that ALS has given me. I defined myself before ALS by my physical body. I experienced the worst day of my life in March, 2005. On the flip side, we have experienced the best days of our life since the diagnosis.

Q-4) The writing about your new book by you and Co-author T.R. Pearson, is amazing, moving

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and should truly stimulate the members of our industry to get onboard. Augie, my question is: "Please share the most recent status of the research the \$11+ million Augie's Quest has raised to date has achieved, what the next steps in the research are and how much more Augie's Quest will need to raise to carry this ball across the goal line to a cure?"

Augie - Here is the New England Journal of Medicine article that appeared in August. See the link: <http://augiesquest.org/docs/NEJM%20-%20ALS%2008%2001%2007.pdf>

ALS TDI Completes Largest Known Gene Expression Database for SOD1 ALS Mouse Model Collection of Human Samples for Comparison Underway 9/14/2007

ALS TDI has achieved a significant milestone in its ambitious science plan to understand ALS at the protein and gene level by the successful generation of the world's largest transcriptome profiling database for the ALS mouse. The database contains complex information that details the development of the disease in the mouse at the cellular level. The data offers researchers insights into the disease process never before possible.

This giant step forward is just the beginning – plans are to ultimately make this data set many times larger and to incorporate information from other relevant neurodegenerative animal models. Crucially, similar information will be obtained from samples donated by ALS patients and will result in the most robust and relevant dataset possible for prioritizing therapeutic targets in ALS.

Earlier this year, ALS TDI outlined and began to implement the largest and most comprehensive research plan described to date to conquer ALS. This transcriptome project is a cornerstone of a massive data collection effort. As always, the goal of ALS TDI is the discovery and development of therapeutics for today's patients.

(See Augie Nieto page 26)

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"Since Elmwood Edge Rewards was launched in 2007, our ancillary revenues have increased by 8%. Our most profitable year was 2006, so an increase this year is a significant accomplishment. One we feel is directly related to our Elmwood Edge Rewards program."

Gary Borgatede, GM - Elmwood Fitness Center

referrals

"Our member's response to fitRewards has surpassed what we had hoped. We have seen a substantial increase in referrals, and our members are more motivated to participate in club activities. They want their points!"

Bill Deitz, GM - Auburn Racquet & Fitness Club

retention

"fitRewards has been a terrific addition to our facility. We realized a 5% decrease in our attrition rate after the 1st year, meaning members are staying longer. Plus, our staff has been enthusiastic about the program right from the start."

Mike Revere, Manager - Sentara Hampton Health and Fitness Center



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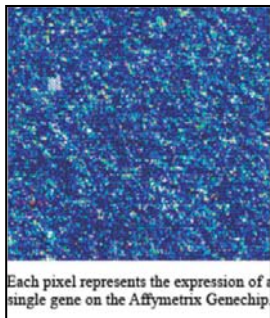
John McCarthy, former Executive Director of IHRSA

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...Augie Nieto

continued from page 24

This current data set is comprised of results from analysis using latest generation Affymetrix chips covering the entire mouse mRNA spectrum. ALS TDI researchers



analyzed three separate, relevant tissues; lumbar spinal cord, brain and affected muscle. For each of these tissues, multiple samples were analyzed to gain statistical significance with data obtained from pre-symptomatic ages through end stage (days 30, 50, 60, 80, 90, 100, 110 and 120).

The information extracted from these data-sets, as they enlarge, will highlight in growing detail the various processes ongoing in the mouse as ALS appears and the later symptoms develop. Currently, ALS TDI scientists are pouring over this new wealth of information to annotate the cellular processes that are increasing and decreasing in the ALS affected animals.

This vital research program was made possible by the investments from Augie's Quest through the MDA. This close collaboration is essential for obtaining the human tissue samples in coordination with the local MDA clinics – samples that will add significant value towards finding effective treatments for ALS.

About the Biology: Gene Transcriptome Profiling

Transcriptome Profiling is an experiment performed on specialized equipment using chip technology which contain dense gene arrays. These arrays cover

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the entire spectrum of possible mRNAs that can be expressed in an animal, such as the mouse. The goal is to get a snapshot in a single experiment of the spectrum of mRNAs present in a tissue sample and to evaluate the abundance for each.



The value from Transcriptome Profiling is realized when such snapshots are compared between diseased and non-diseased tissue and monitored over time. This yields a profile of mRNA transcript changes corresponding to disease state and disease progression. As mRNAs are intermediaries to the production of proteins, such profiles give significant insight into the disease-specific alterations in proteins – changes which typically define a disease state.

How is the data going to be used?

Each sample is analyzed on a single chip (pictured below). Approximately 300 samples were analyzed using samples taken from the brain, spinal cord, muscle tissue and/or blood from SOD1 ALS mice from studies at the Institute's animal facility. Additional samples will be analyzed as part of this on-going experiment.

There are 55,000 probe sets in the mouse genome which are represented on each chip (every pixel in the blue box below corresponds to the expression level of a gene). The data from these chips is a reflection of the fundamental processes in the cell, some of which will be altered because of disease. The goal of the newly formed Computational Biology Group is to identify the pathways and to compare between the dif-

ferent animal disease models and the results from human samples.

Q- 5) You've recently learned that Safeway has donated \$312,000 to continue the awareness campaign with the video you created and that now you've had over 19,000 viewings! This is terrific news. Please tell us about the work you and Lynne have done in creating this amazing video: <http://www.whatkindofworldyouwant.com/videos/view/id/382360/page/1>

AUGIE – I am using every marketing tool I know to spread the word. ALS is an orphan disease. The idea for the video came from the Bash in San Francisco at the IHRSA convention this year. John Ondrasik sang the song 100 Years. There was not a dry eye in the house. John suggested that we create the video to educate people about ALS. We have had over 19,000 viewings in less than 30 days!

Q- 5) Augie, to close this interview, please tell our industry whatever you'd like them to know.

Augie - Earn your Eulogy everyday!

A cartoon depicts an old king seeking admission at the gates of heaven. The gatekeeper locates his name in a large book and says skeptically, "Edward the Good, huh? Well, Eddie, we'll be the judge of that."

The point is, in the end, generous self-appraisals of our goodness won't matter. Our obituaries, epitaphs and eulogies will be built on what we did with our talents and resources and how we touched lives.

In the hurly-burly of everyday living, it's hard to keep perspective. Money, position, pride and power seem so important -- until they're not. In the end, all our possessions, whether treasured or forgotten, will pass to someone else and the wins and losses that once seemed so important will be insignificant.

What will matter is not how many people we knew, but how many will feel a lasting loss when we're gone. What will matter is how long we will be remembered, by whom,

and for what.

"Life is too short to be little." We make our lives little by filling them with jealousies and grudges, self-righteousness and self-deception, shallow or dysfunctional relationships, and work without purpose or meaning. Life is enlarged by giving and receiving love, by parenting and teaching, by encouraging and supporting, by charity and service, and by expanding our knowledge and exploring profound truths. If we care about our legacy, we need to be more strategic about how we live our life. Just think about what you want people to say about you after you die -- then live backwards. In other words, earn the eulogy that you and those who love you would be proud of.

Lynne Nieto Comments On the ALS Saga With Her Beloved Husband

Q- 1) Lynne, nobody on earth, except for you and Augie and your four children, can truly know what your lives have been like since March 2005, when Augie was diagnosed with Lou Gehrig's Disease - ALS. Please tell us all from your heart about how you and Augie have been so very strong together through this very, very tough challenge?

LYNNE NIETO - As Augie & I are fond of saying, March 29, 2005, the day we were diagnosed, was the absolute worst day of our lives. But we have experienced the best days of our lives since that date. We have had the great fortune of experiencing so many incredible things that wouldn't have happened without this painful news. Words that might have been saved only for our memorials have been spoken to us. Many of our experiences give us pause for reflection and insight. What connects us to others and the world is what breaks our hearts, and what makes us laugh. We are fortunate to be able to share our hearts and our laughter.

As the saying goes, 'you don't realize how much you love until you risk los-

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ing'. It is clear that Augie and I will lose one another sooner that we could have ever imagined, and with that depth of knowledge comes the gift of strength and commitment. This is not the life that we imagined, but it is the only one we have. We must live our lives to their fullest and appreciate the time we have to share.

Q- 2) Please share Augie's and your hope for the Cure for ALS, how you keep this hope alive and how we may all get on board Augie's Express to the Cure, to help find "Augie's Cure"?

LYNNE NIETO - Augie's legacy is to change the approach to finding a cure for MANY diseases- not just ALS.

On the fundraising side, he has inspired people to 'invest' in a cure, both financially and emotionally- not simply give a donation then walk away and forget about the cause. He treats donors as investors and keeps them abreast of the results of their investment.

On the research side, he has approached the search for a cure as a business- making sure that the funds 'invested' are spent in an efficient manner, meeting milestones and showing results. This business plan will drive the success of project. Our hope for with Augie's Quest is to turn despair into hope, and hope into joy for those effected by ALS. We have the right people in place to accomplish this 5 year- \$60,000,000 mission. With the help of the fitness industry we will make this cure a reality

Augie's legacy truly his "quest" -- Augie's Quest for a cure!

CLUB INSIDER

– Ladies and gentlemen, let me close this amazing report by saying that this is the most important cover story I've done ... as we wrap up 14 years of publishing and celebrate the 15th Anniversary of The CLUB INSIDER News

(See Augie Nieto page 28)

www.augiesquest.com



NATIONAL FITNESS BUSINESS ALLIANCE

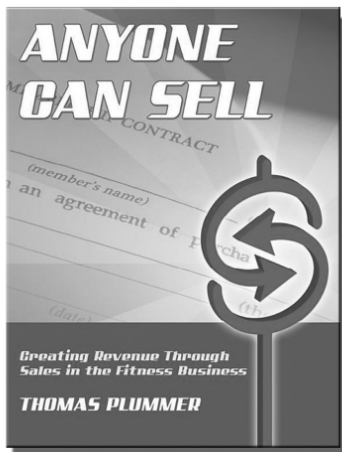
total support for the independent club owner

NFBA, the largest consulting & education company in the fitness industry, offers you a choice of four books published by the highly acclaimed Thomas Plummer.



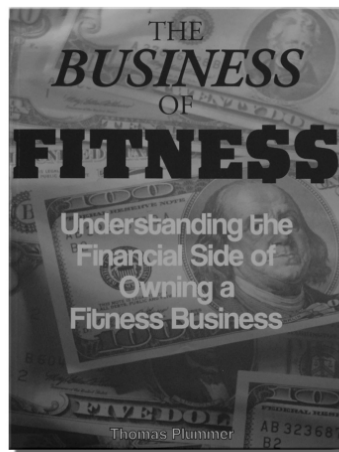
Thom directs you through every stage of opening a successful fitness business. Chapters include: Conceptualizing your new business, finding a home and proper site, understanding leasing, developing a business plan, building a strong receivable base, staffing, sales and marketing, and presales. Produced in cooperation with the International Health, Racquet and Sportsclub Association.

\$59.95



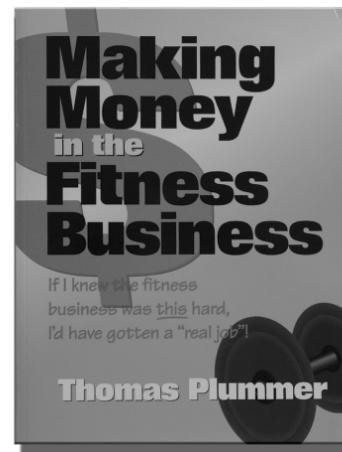
Selling in the fitness industry is the simple act of helping a person get what they want from us ethically and professionally. Thom's new book focuses on changing the way we view selling in the fitness business.

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Thomas Plummer puts his 26 years of experience into this all-encompassing resource on the business side of fitness. In sixteen chapters, Plummer identifies five core topics that are crucial for those beginning a new fitness business or looking to build an existing business.

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Thomas Plummer explains the ins and outs of the business in detail, using real-life examples, providing illustrations, and adding just a touch of humor. Covers conceptualizing the business, the financial foundation, member service, profit centers, staffing, marketing, sales, and so much more.

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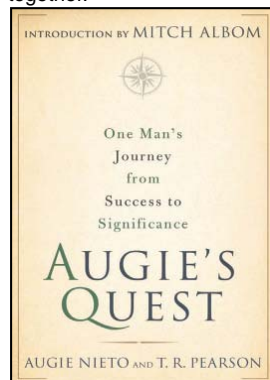
...Augie Nieto

continued from page 26

next month. This report provides details about a really huge opportunity before our industry. That opportunity is to become known across America and around the world as the industry that rallied behind Augie and Lynne Nieto's "AUGIE'S QUEST" and defeated the killer disease ALS. But...the success of this effort, in a clear way, depends individually and singly on each and every one of us. We each should ask ourselves this question: "Am I going to just move on after reading this cover story

and not respond to the challenge, not support "AUGIE'S QUEST" and just ignore this huge challenge?" Will YOUR answer to this very important question be "NO! I won't forget. I'm going to www.augiesquest.com right now to make a donation online and I am going to figure out ways and methods to engage all of my club members in this tough fight to find a cure for ALS." This is our challenge together as an industry. Let's all rally together on this huge challenge. The vivid truth is this is not just a fight for the life of one great man, Augie Nieto. This is a fight for the very lives of 30,000 Americans

and untold others worldwide who currently are in various stages of their battle with ALS: As human beings, the TRUTH is...we're all in this together."



(Norm Cates, Jr. is a 34-year veteran of the health, racquet and sports club industry. Cates was the Founder and is now celebrating his 15th Anniversary as the Publisher of The CLUB INSIDER News. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

www.augiesquest.com

Gordon Johnson, IHRSA Member Club Owner, Leads Way to Defeat of Town Tax to Raise YMCA Funds

Gordon Johnson the owner of three Gold's Gyms in Douglasville and Marietta Georgia, led a recent battle against a one-cent special purpose local option sales tax (SPLOST). The tax would have funded a \$17 million rec-

reation center to be leased to a local YMCA for operation.

Johnson assembled and led a coalition of 21 local recreation business owners called "Citizens For Responsible Taxation" to fight the SPLOST. Together they

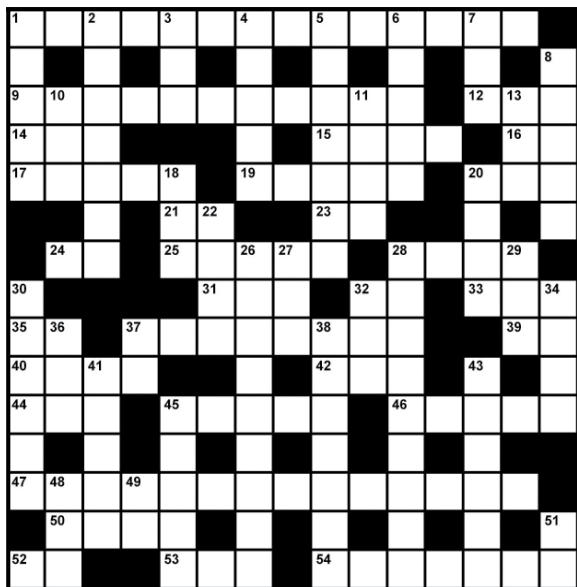
worked to inform the community of the impact the tax exempt facility would have on many local businesses. They also addressed the City's failure, with great concern, because it had not adequately researched the fea-

sibility of such a large project in terms of its negative impact on local businesses.

On September 18th, when the voting polls for the September 18th special election closed, the Gordon Johnson rallied and led dissenters

won with 51.3 % of the vote.

Gordon Johnson, when complemented on the achievement, commented, "The power of the press was enormous." Congratulations to all.



Across

1. "Augie's Quest....." (his new book) - goes with 9 across and 47 across)
9. See 1 across
12. Relaxation area
14. Billion years
15. Beginning of something
16. Alternative word
17. Gym areas
19. To work out in the water
20. For each one
21. Uganda, for short
23. Musical note after Lah
24. "You are ___ everything" song

Down

25. Type of fruit juice
28. Important legislation being pushed by IHRSA: ___ Act
31. Head wreath
32. From head ___ toe
33. Tank ___
35. West coast city
37. Vital to any club's survival (goes with 26 down)
39. Exercise class
40. The ___ test!
42. Sign, a contract for example
44. To the ___ degree?
45. Got those muscles into

excellent shape

46. Practical

47. See 1 across and 9 across

50. Information

52. Paid promotion

53. Indian bread

54. See 30 down

Down

1. "Make him an ___ he can't refuse": notorious Godfather line
2. Watching the pennies
3. The target of Augie's fund raising efforts
4. Part of a gym bag's contents
5. Excessive weight
6. What weight does with no exercise
7. Emergency Medical Service, abbr.
8. ___ Gurney: Bill Hubner's partner and RUSH Fitness Complex owner
10. Australian jumper
11. Half
13. Horror writer
18. Dieter's sandwich
20. Another important legislative initiative from IHRSA
22. Hair holders
26. See 37 across
27. Where the girl from Ip-anema came from?
28. Aesthetic creation (3 words)
29. Music for everyone
30. Purchased World Gym

International (goes with 54 across)

32. Take ___ (rest for a little while)

34. ___ Brown's annual Athletic Business Conference and Expo on November 28

36. Law

37. Music holder

38. Abdomen area

41. Association that all club members should support

43. The only good find of fat

45. Cam Pro Fit Director of Education, Maureen

48. "The ___ Couple"

49. Computer department

51. While

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Surprise ... EXERCISE IS GOOD FOR YOU!!

By Pat Kell

As fitness professionals we know this, absolutely.

"Research overwhelmingly shows that regular exercise lowers the risk for many diseases, enhances the functioning of virtually every body system and improves psychological well-being. Unfortunately, fewer than 40 percent of Americans exercise enough to experience significant health benefits." (*The Every Excuse in the Book Book*, BeanFit Publishing 2005)

We know that exercise effects stress levels, your immune system, blood pressure, body composition, most diseases, cholesterol, tension, sleeping, muscle strength and the list goes on!!

So, why haven't we been able to convince the public that absolutely everyone should be exercising? You might think it is due to lack of education. Unlikely. You cannot read any publica-

tion or watch any health show without being pounded with the "exercise is good for you" message.

Why aren't people "getting it"? It is because people regularly and resourcefully come up with EXCUSES for not exercising.

**I DON'T HAVE TIME.
 I'M TOO TIRED.
 I CAN'T COMMIT NOW.
 I HATE SWEATING.
 I HATE EXERCISING.
 I'M TOO DEPRESSED.**

You know that you've heard them all! Well, I thought so too, until I came across a great book called *The Every Excuse In The Book Book: How To Benefit From Exercising By Overcoming Your Excuses*. In this book, author Jeanne Murdock actually points out 120 excuses that people use for not exercising. She then, in an often humorous way, debunks each excuse for what it really is, just an excuse!

If we can make it

easy for prospects to see that they are really only making excuses (rather than giving valid reasons) not to exercise, then we will go a long way to helping them be more active.

When people identify with and recognize "their excuse", they internalize it, even laugh about it; they are then more ready to overcome their excuse/objection to joining your club and experience a healthier life.

Here is an example taken from Murdock's book:

Excuse # 29: I can't get psyched up for it.

Debunking the excuse: Will the words obesity, cardiovascular disease, cancer, diabetes, muscle atrophy (loss), and osteoporosis help? You do not have to get psyched up for those to occur. In fact they occur without much effort at all. Put in the effort. The longer you try to get psyched up for it, the more time you will have to find other excuses. Then the next thing you know, you

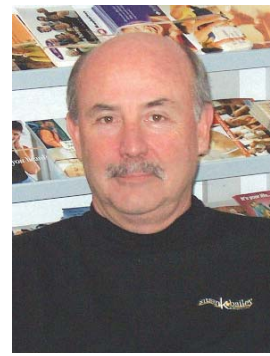
are spending all of your time re-reading this book (not to undermine its importance), when you could be performing your workout.

You know that you will feel a lot better when you are done exercising. Just GO.

When I read the book I recognized a lot of my own personal "excuses" for avoiding exercises. I am sure you will as well. Not only that, as a marketing person involved with the health industry for more than 15 years, I saw a lot more.

If a club can get prospects to realize that it is only an "excuse" that keeps them from a healthy life, then the club has overcome the main objection even before the prospect arrives at the club. How good is that! I contacted Jeanne Murdock to find out more about both her book and her.

Jeanne "Bean" Murdock brings a new approach to health and fitness consulting, fusing time management



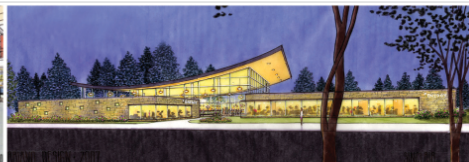
Pat Kell

and life organization techniques with exercise counseling to devise innovative strategies for people to fit a comprehensive exercise, nutrition and healthy living program into their lives, no matter how hectic their lives may be. She also consults with businesses on efficiency and how to accommodate the changing health needs of their customers.

Through her counseling and lectures, her book, many published articles and

(See Pat Kell page 31)

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Designing Experiences. Inspiring Lifestyles.

...Pat Kell

continued from page 30

now, her new radio show, Murdock has used a combination of knowledge and humor to educate the public on a wide variety of health and fitness topics and to change lives. Her compassionate approach has helped inspire people from every background and health status.

In 1995, she was wondering why people were becoming increasingly sedentary and overweight, despite the millions of dollars spent on health and fitness products. Murdock realized that it was because of excuses. After paying close attention to the explanations her clients were formulating, she quickly collected 120 excuses for not exercising. Thirteen months later, *Excuses* was written and copyrighted.

It wasn't until 2005 that the book was actually published. At that time the book underwent few changes, demonstrating the longevity that Murdock knew the book possessed. She also wrote it in a style such that it would have a place in the hands of fitness professionals and the general population.

Murdock uses humor to capture people's attention and interest and to teach the science of fact-based advice based on years of peer-reviewed research. She offers little opinion since there is an abundance of such. There is also a plethora of books touting the "perfect" workout, but people are still making excuses not to work out at all. This is why Murdock excludes specific exercise examples; plus, she encourages personalized guidance.

People validate one another's reasons for not exercising without realizing it and become used to thinking that their declining health is not their fault. The effectiveness of *Excuses* lies in the fact that it motivates even the most stubborn of sedentary individuals by creating consciousness to the fact that their apathy is a conglomeration of excuses.

I asked Murdock if she would like us to develop her idea into a full marketing campaign for the fitness industry. She was thrilled with the idea, so the creative team

at Susan K Bailey took on the task of developing a campaign that would bring people face-to-face with their excuses, give them a reason to overcome them and enhance their lives by choosing to exercise. And, of course we

want to help clubs sell more memberships and increase member retention.

We have developed what we know will be a great marketing campaign. It is versatile in that it will work to attract prospects, referrals and

former members. It translates well into both internal and external campaigns and makes excellent posters!!

Clubs that are interested can see the full campaign at www.clubads.com/everyexcuse.

(Pat Kell is the CEO of Susan K. Bailey Advertising, a Canadian-based marketing and promotions company. Contact Pat at SKB: (1.888.349.4594 or at www.clubads.com)

You've heard *Every excuse in the book!*



We're on to something *here!*

Inspired by *The Every Excuse in the Book Book: How to Benefit from Exercising by Overcoming Your Excuses*, by Jeanne "Bean" Murdock.
 (With permission BeanFit Publishing 2005).



Sure, being in the health and fitness industry, you can let prospects and members know **all about the benefits** of exercise. What you can't always do is be there when those **excuses** get in the way and **stop** them from **coming to your club!**

This new ad campaign will help **bust those excuses** even **before prospects visit your club!** Our creative has a **wildly** lighthearted approach that appeals to any audience; prospects, members, referrals and former members. **Brand** your facility as **the "excuses" club** from direct mail to motivational in-club posters! This is a campaign with **legs!** See it all on the website below.

So, what's your excuse?
Call us today for de-"tails"

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advertising that works out!

Sales Presentations that Close 90%+ Of The Time!

By Donna Krech

That's a pretty bold claim in that title, eh? Yes, it is. It's also completely true and accompanied by vast amounts of evidence. What it may *not* be is what you're used to. If you want to see the closing percentage inside your facility climb to 80, 90 and even 100%... read on. If you're content to stay at the status quo, you can probably stop reading now. This way of thinking may be too different for you.

You'll close the presentation 90%+ of the time when you ask questions not for the purpose of collecting yes's or closing doors (which is what we've been told we must do in order to sell), but when you ask those questions based on a true and sincere interest in the prospect's needs and outcome. Referred to as "consultative" or "coach-style" selling, this process is revolutionizing the way things are done in sales organizations. And it's causing profits to soar!

THE BACKGROUND STORY

When I was asked to write this article I was also asked if it would infringe on our company's licensed procedures (that's the kind of great guy Norm Cates is, by the way). My answer to him was this. I believe in giving, I believe in sharing and I sure as heaven want those I teach to walk away equipped to be successful.

There is a world out there of people in need, they want hope, they want help and they want it from someone who cares about them. When we decide to sell using this style, millions (yes, I meant MILLIONS) more will avail themselves of what we offer. Not only will our membership base grow, you'll literally find yourself in the life-saving business. There is NO better business to be in!

I've heard some in our industry say that we're saturated, that there are too many clubs and the opportunity for making money is minimal, at best, at this point. I'll admit I've been in on some of those discussions. That is until I realized that is only true if we as an industry remain at the same percentage of membership from our respective countries. We're no where close to the number of members we can be at, no where close! When we adjust the way we sell, more people will buy, more will refer friends and more will stay longer. How do I know this? Because it's how I've done business for years and the proof is in the numbers.



OK, SO WHAT DOES THIS MEAN?

The closing percentages using this system of selling are much higher than the average in this industry. It's not uncommon for me to talk to someone using consultative, coach-style selling and learn of 98% closing percentages. The reason this style does so well for our organization is because we focus so much on the benefits of losing weight, becoming more fit and having over all health. Let me repeat, to be sure you get it. This does so well because it focuses on the benefit to the member, not the features of the club, not just overcoming objections and closing, it focuses on being in it FOR the person.

It's also why some club professionals find the concept challenging at first. It's far from the standard 15-minute tour. It gets into the person's heart and mind to discover their real goals, it examines the real reason(s) (their 'why's') driving their desire to achieve those goals and it assists them in creating their own emotional picture of what it's going to be like once they achieve them. When the clubs get it, they never sell again; they "coach and consult and care"... and the member buys.

SO WHAT IS THE PROCESS?

The process for "consultative, coach-style" selling follows the same sales process as any other. It's what's done inside that process, based on the sales person's motive, that makes it so unique and results in more sales.

When you begin with rapport building, and find out what the prospect's story is, you do so with THEM in mind. Not with the idea that the system says to do this first. You're listening for what's going on in their life, what's happening with them personally and what their days are like. Using that information you will then help them achieve their goal.

(See Donna Krech page 34)

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advice, etc.

"With 13% of people that work out regularly, all the clubs are competing for a shrinking market. When I saw that 67% of people want to lose weight, thus meaning our ads reach 80% of people, I realized that's where I wanted to put my money because I would get a bigger bang for my buck. When you add weight loss to your fitness center, you will explode with cash flow and new members. This is a no-brainer."



"From \$200K in ONE YEAR... to \$200K in ONE MONTH!"

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

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

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

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

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

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

ROY LEEDY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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...Donna Krech

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When conducting their needs analysis ... you listen very carefully for what they want. I'm not just talking about a questionnaire where you say, "Oh, you want to lose some weight--- well, we have cardio", but instead, you listen for exactly what they want--- exactly. The process of "consultative" selling allows you to uncover what they truly want. This is so great because they're now beginning to come up with the fact of what they want on their own. They come to understand that joining your facility will help them achieve what they want.

This step is the kicker! The crème de la crème. Still inside the needs analysis section, you find out WHY the person wants what they want. This is where they tell you not only exactly what they want, but why they want it. Knowing WHY they want what they want is key. Someone asked me recently, "But how do you do that Donna?" You ask questions, my friend! Ask very specific

and directed questions to the why's they've been speaking from. This is why the process is called "consultative coach-style" selling. They have the information you need in order to help them make the life-changing decision to join your facility. Let them give it to you by asking the correct questions and truly listening to their "why". NOTE this: their "why" will not be a group fitness class or lines and lines of equipment. If you answer using the equipment and services your club provides, then you're not using consultative selling, you're just selling. Their "why" will be something like living longer to play with their grandkids or getting off of meds, or looking 'hot' for the class reunion or wanting their body and health to be 10 years younger again. With this information you can now help them buy rather than sell them. Truly you could close the presentation here, but it's best to do the whole thing.

Again... if you're ok with continuing to sell at the percentage you've been selling, you don't need to consider doing this. Only if you want more new members

than 13-14% of the U.S. market should you get more info on this system.

During the qualifying section of the sales process, go over why the person doesn't have the benefit they want yet. Notice I didn't say why they aren't at their goal or a member of a club. When you're listening for the "WHY" ... the benefit from your club they want, you're then able to listen for and understand why they don't have it yet. For example, someone may not have achieved their benefit because they didn't stay involved in the club. They may have wanted more attention than they got. They might have needed help with the obstacles that come at them once they LEAVE the facility. You know... that thing called life. That's why we have Life Success Coaching in our facilities. We're far passed the day when we close more memberships by just adding more equipment. In the event you don't quite understand what I mean, let me say it this way. In the U.S. and Canada the overweight condition is at 67%. Up to 96% of this population isn't enroll-

ing in America's or Canada's health/fitness clubs. By asking them why they think they aren't at their goal yet, they'll answer the question themselves. Again, it's called "consultative" selling.

Now you're going to provide the solution. This is simply where you inform the prospect on how you'll get them the benefit they desire. You've kept all the info they've given you in your mind. Give it back to them in the order they told you they want it, not just in an order you provide information in your standard closing.

A close is a close is a close. Once you discover

the beauty of "consultative, coach-style" selling you'll find closing to be a piece of cake! They're ready to hand you a credit card and sign a paper BEFORE you're ready to ask!

So, the plan for closing every single prospect is to no longer sell, but to "consult" and "really care". The result is simple. You "consult and care"... and the prospective member buys.

(Donna Krech is the Founder and CEO of Thin&Healthy Total Solutions® and may be contacted by referring to the Thin&Healthy ad on the opposite page).

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The Pain of Low Retention

By Tom Kulp

Do you feel the pain?

Sometimes it really takes a major amount of hurt to make us react to a problem. Most of the time we don't act until it is too late. In most clubs, in the United States and around the world, sales are still coming easily; with clubs signing enough contracts to pay the bills and owners still able to enjoy the good life. What happens when the stream of prospects starts to decline and the front end of your business starts to suffer? Do you act or react in your business?

It is time to prevent the problem before it happens. Let's first change the way that we look at the club business and start to ensure that our sales turn into long term clients. So many times our business model looks like a tube with as many members falling out the bottom as we are signing into the top. We need to change the shape of the tube and let it

form a funnel. We can adapt our marketing plan, our staff's attitudes and install a system of member induction that will allow very few members to fall out of the bottom.

Recently, a friend of mine wrote an article stating that if we assume a new sale is a customer we are mistaken and only after two to three purchases from your business, may we claim that right to call them a customer. In the fitness industry, this may be altered to read that they aren't a customer until they become a regular user of your club and have purchased additional services at your club. It truly is a question of involvement and until the new members feels the *value* in your club, it will always be too much money and not worthy of their time to frequent your club.

As club owners/managers we should be proactive in setting up a successful system of member induction that is able to identify a new member's true needs and goals. This system should

encourage and provide a pathway that is challenging but completely doable. Our staff needs to understand that often we over estimate the condition of the new member and may prescribe a "standard" exercise like 30 minutes of cardio, when the new member would be sufficiently challenged with 10 min three times per week.

We so often miss the mark of what is the true desire of our new members. Out of habit, or complacency, we prescribe an exercise solution that is not going to bring them positive results, either in enjoyment or positive physical change. We falsely decide that everyone joins a club to lose weight, when that may not be the reason at all. We are missing the bull eye if we are not identifying the real need. This may be a desire for more energy or even the realization of improved health and well being. People will join clubs to be part of a social circle, to enjoy the feeling of people around them. They need to feel that they belong

in our strange world.

If you ever traveled to a foreign country you probably have experienced the inability to communicate the same way you are used to doing at home. The simplest task, like buying gum, turns into a humorous exchange of pointing and nodding your head one way or the other. It can be an extremely frustrating experience. You desire a translator; you desire to have a friend that will be able to help you get acquainted with the lingo and once you hear it a few times it starts to get easier.

It is much the same with a new member deciding to travel to your club and walk through those scary doors into a new and different world. We need to identify this situation and train our staff to speak as an interpreter in our strange land. By providing an environment where the new member is able to learn the "language" at a comfortable pace, we in effect, help them to become comfortable and realize that it is a place they should visit often.



Tom Kulp

We can all succeed in this goal by informing our staff of this issue and teaching them to realize and pay attention to the words they use. Sending a member to the fitness floor or telling them to meet you at the Smith Rack will accomplish more harm than good. Teach them to use common terms, like meet me at the water fountain. With a few simple implementations, we change the world, one member at a time.

(See Tom Kulp page 38)

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Create a Better Place to Work: Six Ways to Become an Employer of Choice

By **Richard Hadden and Bill Catlette**

Couch potatoes take heart. Dave Smith, PhD, a sports psychologist in England discovered simply *thinking about* a rigorous workout can help you lose weight. That's right! In Dr. Smith's study at Manchester Metropolitan University, people who thought about exercise twenty times a day for a month gained enough muscle mass to lose 22 pounds a year without dieting! In other words, if you buy Smith's claim, pondering iron is nearly as effective as pumping it!

Well, guess what. It doesn't work that way when it comes to creating a work environment that gets the most out of your employees. No, in this case, you actually have to DO something to get results. The number one complaint from employees in the trenches is that, in some places, management does a pretty good job of talking about the need for good leadership, but far too seldom do they move from inspiration to execution.

Here are six ideas you can turn into actions now:

Conduct a morale survey

A survey is the best way to find out how you're doing in the morale department. Regularly (and formally) assess employee attitudes, morale and perceptions of the work environment through the use of a survey. Feed the results back to everyone (as in, everyone) within one month. Make sure the survey scores play a significant role in the

promotion, retention and compensation of all those in a leadership capacity. Use the data to manage, measure and reshape the organization's strategic people priorities.

Make it easy for people to give you the information you need. Put the survey online, on your intranet, or in a secure area of your website. But a huge caution here. If you're not prepared to share the results and act on what you learn in a reasonable period of time – don't even get started.

Analyze hiring performance

On the premise that great places to work start with great people, start measuring, managing, and rewarding each manager's hiring performance over time. This IS part of your business metrics isn't it? Make a portion of a manager's bonus potential (25 percent recommended) tied to quality of hiring.

Evaluate training feedback

The next time an employee attends any kind of training, ask him ahead of time to be prepared to tell you three new concepts or skills he learned from it, and one thing he will begin doing differently as a result. Don't approach it like a grilling, but emphasize the need to transform learning into performance, and your desire to support him in their development.

Show employees the fruits of their labor

Find a meaningful way to show people how the

product they make, service they support or work they do is actually used, and enjoyed, by your customers. As an example, one company commonly meets this challenge with field trips. Yes, field trips, like when you were in school. Because they manufacture highly technical medical supplies – tubes, valves, etc. – the work is tedious, painstaking and, well, occasionally boring.

The first step in combating complacency was to build some task variety into the job. Then, the plant manager started arranging tours of a nearby hospital where the assembly workers could see their products at work, saving lives and delivering drugs and pain relief to patients.

The assembly workers returned with such excitement and rediscovered appreciation for their work that the office staff wanted to be a part of it, too, so they chartered a bus for themselves. Now, everyone in the plant makes a couple of trips a year to continue reinforcing this message: "What we do here is important."

Investigate effectiveness of internal communications

You undoubtedly spend tons of money on internal corporate communications. Here's a little pop quiz you can use to see if they are working: Ask the next 10 employees you bump into to write down the company's top three business priorities. If the answers are all exactly the same, congratulations! If they aren't, you had bet-



Richard Hadden



Bill Catlette

ter get busy – as former NFL head coach Jimmy Johnson once put it, "Confused players aren't very aggressive."

Sit on the footlocker

Get in the trenches with your employees, because good leadership is involved leadership. Major General Melvin Zais, Commander of the 101st Airborne Division in Viet Nam, circa 1968, once said in a speech to future officers, "If you'll get out of your warm house and go down to the barracks...and just sit on the footlocker...you don't have to tell 'em they're doing a great job. Just sit on the footlocker and talk to one or two soldiers and leave. They'll know that you know that they're working hard to make you look good."

There are many quick and easy ways to let your employees know they're important to you, and here are six ideas you can implement today. Do just a couple of them, and you'll have lots to show for it. Just get out of your fancy, air-conditioned office and go do it!

Gotta go. Time to contemplate the treadmill.

About the Authors:

Bill Catlette and Richard Hadden founded Contented Cow Partners, LLC to help business leaders produce better results through a focused, fired-up and capably led workforce. They've authored two books; the recently released, "Contented Cows MOOve Faster" and "Contented Cows Give Better Milk". Bill's professional background includes more than 30 years of leadership experience with companies such as ADP, FedEx and Aramark Uniforms. Richard has managed teams in financial services and information technology, and has more than 17 years of experience training and speaking for corporations such as Dell, Pfizer and Mayo Clinic. Please contact the Contented Cow Partners at 904-720-0870 or www.ContentedCows.com.

Tim and Liz Rhode's Maryland Athletic Club Opens New \$6.5 Million Facility at Harbor East

Timonium, MD – Baltimore's newest and most advanced wellness center is scheduled to opened, Friday, September 28 at Inner Harbor East at 655 President Street. The **Maryland Athletic Club & Wellness Center (MAC)** at Harbor East will provide 200 jobs and offer Baltimore City residents and employees as well as corpo-

rate partners access to a \$6.5 million, 54,000 sq. ft. state-of-the-art facility with extensive amenities and a wide array of programs designed to improve their health and wellness.

"MAC at Harbor East brings new definition to fitness and wellness in Baltimore," said Tim Rhode, owner of the Maryland Athletic Club. "From individual-

ized plans to customized approaches, we will provide the ultimate in fitness technology to help people in Baltimore get fit and stay healthy." The new facility is the second Maryland Athletic Club in the Baltimore region; the first one is located in Timonium.

The MAC at Harbor East features fitness technology under one roof that is

unique to the area. Special features include six exercise studios designated for Pilates, yoga, Tai Chi, Kinesis, and Spinning classes; 10,000 square feet of strength and cardio equipment with personal viewing screens; four international singles squash courts; and an aquatic exercise facility with a 25-yard lap pool, two warm-water therapy

pools and a whirlpool. The aquatic facility is one of the largest in Maryland. The facility also offers a wireless Internet café, 800 dedicated parking spaces, childcare and spacious locker rooms.

Special opening events for the MAC at Harbor East are being planned for November and will include

(See MAC page 38)

...Tom Kulp

continued from page 36

• Teach your staff to view every new member as a life long friend. Use language that helps the new members understand your goal. Teach your sales team to tell prospects that we are building long term members and that your main goal is to make them successful.

• Develop a club attitude that is about the member feeling successful.

• Smile and be open, encourage every member of your team to make friends with every member they meet.

• Implement coaching into your weekly team meetings and encourage your staff to use the same type of language that you would use

outside of the club to a non exercising friend.

• Start to keep track every month of new sales and cancellations and ensure that your membership is growing. Be proactive with new members with low attendance numbers and contact them if you see a decline in visits.

• Purchase or build a system that will ensure consistency in your club and be

certain that all members are given all the tools necessary to help them be successful.

How nice is the thought of your club with a large membership that stays for years and purchases many types of products and services?

Take a little time and change the way you review your business. Every new member is a stone in the house of successful club

ownership.

Good luck and success in having members for life.

(Thomas Kulp may be contacted at 717-490-8063 or emailed at coachtom@dejazzd.com. Visit his blog at <http://fitness-clubconsultants.blogspot.com>)

...MAC

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activities and programs for visitors who want to visit the facility, learn about its programs and try out its equipment.

MAC at Harbor East is part of Vue Harbor East and will be open Monday – Thursday from 5:30 am – 10:00 pm; Friday from 5:30 am – 9:00 pm; and on Saturday and Sunday from 7:00 am – 6:00 pm.

The Maryland Athletic Club & Wellness Center in Timonium, Maryland, and the MAC at Harbor East merge wellness with fitness. Both clubs offer state-of-the-art exercise equipment and pro-

gramming in aquatics, group exercise, weight management, rehabilitation and balanced nutrition. For more information on the MAC, visit www.macwellness.com.

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Norm Cates' **THE Club Insider** NEWS

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Programming Tip of the Month – PROGRAMMING AROUND THE HOLIDAYS

Court sports programming opportunities are many and varied, going far beyond booking court time, organizing weekly leagues and holding draw tournaments. The calendar can dictate when you should run a party or a mixer, a round-robin event or a tournament. Every holiday can be a celebration at your club, and your members will want to be part of every one of them. Don't miss the opportunity!

Thanksgiving is coming up in a few weeks. You should have three to four weeks to promote a "THANKSGIVING DAY TURKEY SHOOT." I know many clubs who feel it's hardly necessary to keep the club open on Thanksgiving because everyone will be busy with family. Your club is a *third place* in the lives of many members who feel that "family time" is coming to your facility and taking part in a program exclusively for them. The TURKEY SHOOT can be a one-day racquetball or tennis tournament that runs between 10:00 a.m. and 3:00p.m. The event can be programmed to the men who will not do the cooking, but it's been my experience that a mixed doubles event will do even better. It's a wonderful opportunity for everyone to have fun on a special day and have time left over for a Thanksgiving celebration as well.

Three major tips for success: (1) Make this an annual event and you will fill the club every year. (2) The prizes are simple, but fun – First place, a turkey, second place, a chicken, and third place, a Cornish game hen. (3) Take pictures and keep them prominently displayed for at least one month after the event, and back up again one month before the next Thanksgiving Turkey Shoot.

To order Sandy's great new programming book: www.humankinetics.com
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