

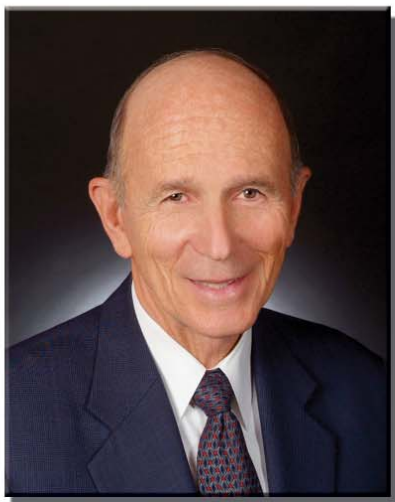
# Norm Cates' CLUB INSIDER<sup>TM</sup>

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

Established 1993

NOVEMBER 2008

## Dr. Kenneth Cooper Honored at Club Industry



Dr. Kenneth Cooper, the "Father of Aerobics"

## Rick Caro's Club Industry Panel



(L to R) - Rick Caro, Moderator; Carl Liebert, CEO, 24 Hour Fitness; Jeff Klingler, CEO, Anytime Fitness; Gale Landers, CEO, Fitness Formula; & Scott Chovanec, President, Scott Chovanec & Associates

## Minton's Sportsplex Among Best of the Best



(L to R) Stuart Goldman, Managing Editor, Club Industry's Fitness Business Pro; Amy Cornish, Youth Director; Colby Vantassell, Fitness Director; and Mike Minton, Founder and Owner, Minton's Sportplex (Texarkana, Texas)

## Apex Fitness Surges In Chicago!



**Kneeling:** Steve Datto **Front Row (L to R):** Lee Kemp, Shannen Camarena, Zach Lucas, Kim Slover, Tamala Proos, Laura Holmes  
**Back Row (L to R):** Joseph Manussier and Ed Slover

# Club Industry/Fitness Business Pro Celebrates 25 years!

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# Norm Cates' CLUB INSIDER<sup>TM</sup>

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

Established 1993

## Club Industry/Fitness Business Pro Celebrates 25 Years!

By: Norm Cates

Club Industry / Fitness Business Pro Magazine and the Club Industry Trade Show celebrated its 25th Anniversary in Chicago with another great event, reportedly drawing over 6,000 people during a time of U.S. and World economic peril due to the woes on Wall Street.

The event drew lots of people from the Midwest region and attendees from around the country. In the opinion of this author, the Club Industry Show has the capability of becoming a premier national event, not just a regional event. The continuing

education component continues to provide excellent speakers on a variety of important industry topics. The Trade Show, although slightly smaller in total space than in the past, drew well, especially on the first day, Thursday, October 16th. Overall, the attendance was amazing given what was going on in the world at the time. Clearly, those in attendance are committed to learning new things. But, even if you did not attend, I know you have an equal commitment to learn, and we will continue in this issue to help you do that.

In this issue, we also provide a report from four staff members of the Summit Sports

Club in McAllen, Texas. This group of four ladies attended their first club business conference ever and have shared some of what they learned with us on **Page #20**. The commentary from the staff of the Summit Sports Club is symbolic of and illustrates the possibilities for every club operator in America to benefit the future of their club by attending upcoming industry events such as **Pete Brown's Athletic Business Conference and Trade Show** in San Antonio, Texas, December 4-6th; **Club Industry East** to be held in Boston, Massachusetts, May 27-30th, 2009; **Wally and Meshelle Boyko's National**

**Fitness Conference and Trade Show** to be held at the Grand Sierra Resort outside Reno, Nevada, August 18-20th, 2009; and of course, **IHRSA's 28th Annual Conference and Trade Show** in San Francisco, California, March 16-19th, 2009. Set aside time and funds to attend as many of these events as you possibly can because your investment will pay off over the long haul.

A number of special events happened in Chicago, and this month's cover story features four photographs and four stories that cover those happenings. Our cover and associated reports chronicle the following:

•Dr. Kenneth Cooper, the "Father of Aerobics", was honored with Club Industry's Lifetime Achievement Award on Thursday, October 16th. Dr. Cooper, after receiving his honor, provided a terrific presentation and **CLUB INSIDER** President, Justin Cates attended and has produced a report that includes comments from a phone interview he subsequently conducted with Dr. Cooper on October 30th. See **Page #16**.

•Rick Caro's Chicago Panel was entitled: **"Fitness Business at a Crossroad: How to Hold On in Today's Economy and Prosper"** (See **Club Industry Page 14**)

**Dr. Kenneth Cooper**  
Honored at Club Industry

See Page 16

**Rick Caro's**  
Club Industry Panel

See Page 20

**Minton's Sportsplex**  
Among Best of the Best

See Page 20

**Apex Fitness**  
Surges In Chicago!

See Page 24

## HHS Announces Physical Activity Guidelines for Americans

**October 7, 2008** - Adults gain substantial health benefits from two and a half hours a week of moderate aerobic physical activity, and children benefit

from an hour or more of physical activity a day, according to the new Physical Activity Guidelines for Americans. The comprehensive set of recommendations for

people of all ages and physical conditions was released today by the U.S. Department of Health and Human Services.

The guidelines are de-

signed so people can easily fit physical activity into their daily plan and incorporate activities they enjoy.

Physical activity benefits

children and adolescents, young and middle-aged adults, older adults, and those in every studied racial and ethnic group.

(See **Activity Guidelines Page 8**)

## Breaking News! Gold's Gym CEO, David Schnabel, Leaves Company - See Norm's NOTES

### Are You "PCI" Compliant? Do You Know What It Means?

By: Justin Cates

In our September edition of **CLUB INSIDER**, we ran an article previewing a seminar to be given by CheckFree's Ron Polisen and Data Security Expert, Jonathan Rubens at this year's Club Industry show in

Chicago. The title: "While You're Running the Club, Who's Guarding Your Members' Financial Data? *Mitigating the Risk of Fraud and Identity Theft*". For those of you not in attendance, please read on, as the subject of PCI Compliance is an issue (See **PCI Compliance Page 6**)

### Summit Sports Club Celebrates 20th Anniversary Staff Members Attend Club Industry Chicago

**Publisher's Note:** CheckFree's Randy Ivey introduced me to these four nice young ladies while all of us were enjoying the splendor of the beautiful Palmer House Hilton lobby one evening. So, I thought it would be a great idea for these ladies to share their goals for the trip to Chicago

for Club Industry, what they learned and how their learning will improve their club. Moreover, these comments really relate to the potential for all educational opportunities our industry offers, and we urge club owners to make the investment (See **Summit Staff Page 22**)

## Inside The Insider

- Breaking Down the Gym Walls Through Phone Coaching - By: Dr. Edward M. Slover
- A "Creepy" Business - By: Jeffrey Keller, M.S., M.B.A.
- Love Thy Business Partner - By: Andrea Sobotka
- Tools for Predicting Program and Profit Center Success - By: Laurie Cingle, M.Ed

**Norm's NOTES:** •Congratulations to Club Industry/Fitness Business Pro on 25 years! •David Schnabel Leaves Gold's Gym International CEO Post •2008 Physical Activity Guidelines Released! •Summit Sports Club Team Hits Club Industry for First Time •Chuck Leve Bid Farewell to IHRSA •bioDensity™ Isometric Strength Technology Launched!! •Wally and Meshelle Boyko Move NFTJ Conference and Trade Show •Clubs For The Cure Gears Up for 2009! •Welcome Back to Vitabot! •American Family Fitness honored! •Telos Fitness Center Honored! •Larry Gurney Providing Rush Staff with Personal Financial Education •Forbes Magazine Highlights Mike Grondahl's Planet Fitness •Custom Mystery Shopper and Mystery Member Programs Available •What's Your Brand? •A.G. in Maryland Busts 11 Clubs! •Make Your Club a FUN OASIS!

- Need Employment Insurance? - Master Your Own Brand - By: Brenda Bence
- "Twelve Days of Fitness" - By: Sandy Coffman
- A World of Opportunity Awaits
- Expectations Surpassed, Records Broken!

# Norm's NOTES

•**Hello everybody!** This is your friendly **CLUB INSIDER Publisher** **Since 1993** checking in! **WOW!** After a long, almost two-year campaign, we have a new **President-elect of the United States!** Congratulations to **Senator BARACK OBAMA!** I don't know about you, but I am glad this 2008 election is **OVER!** Now... let's all get back to a 100% focus on family and business! Is America a great country, or what? **God Bless America!**

•First, I want to **CONGRATULATE** all of the folks at **Club Industry's Fitness Business Pro Magazine and Trade Show** on their **25th Anniversary!** I also want to congratulate them on one of their best, Conference and Trade Shows, held in Chicago, October 15-18th. I believe that what Club Industry does with its seminars and trade shows is very important to our industry. That's why I have chosen to honor these

folks with this month's cover story celebrating their 25-year run. Yes, even though the USA and the World was smack dab in the middle of the recent stock market/financial crisis, over 6,000 club business people showed up to attend seminars and the Club Industry Trade Show in Chicago. I want to congratulate all of you great people, all who attended, for being there, and I especially want to thank those of you my son, Justin, and I had a chance to encounter in Chicago. We think ALL of you in this great industry are remarkable for your choice of what you do with your life. We, at **CLUB INSIDER**, are celebrating an anniversary too, our **16th Anniversary!** We launched **CLUB INSIDER** at the Club Industry Show in Chicago in November, 1993. Now, many years later, we hope that we help you and your club rise to new levels of excellence and professionalism. In this issue, we deliver several reports on

important happenings in Chicago that should be important to you. I also want everyone to know that no matter what is going on in America and the World, each one of you, whether you were in Chicago or not, are in a very special community of people. You are honorable people who care about what you do to a much higher degree than many of your fellow Americans. Americans who have drudgery-filled jobs and unexciting careers. Face it folks, we are all very blessed to be in the health, racquet and sportsclub business in whatever ways we are because we are an industry that helps people be better and live more healthy, happy and energetic lives. We are all in this together.

•**The 2008 Physical Activity Guidelines for Americans**, from the **US Department of Health and Human Services**, was released in early October. This work took *two years* for the U.S. Government to produce but should have taken only a *few months*. However, it is done now and should, over time, begin to educate more and more Americans about the importance of regular physical activity. Hopefully, it will have the same impact of creating great awareness about the need for physical activity that the government's identification of obesity as a major national crisis did about 6 or 7 years ago. Maybe, now that we can't pick up a newspaper, turn on a radio, go on the internet or watch TV without seeing a report about obesity, we will begin to see the same

government PR thrusts about the need for regular physical activity of a minimum of 150 minutes per week as being part of the solution for obesity. To obtain a copy of the 2008 Physical Activity Guidelines for Americans go to: [www.hhs.gov](http://www.hhs.gov).

•On our cover this month, we've presented four photos and associated articles that begin on **Page #3**. Also beginning on **Page #3** is a report by Summit Sports Club's first-time attendees and a report by **JUSTIN CATES** on **CheckFree's** seminar session in Chicago. The topic is **PCI Compliance** issues and the new emerging need for security of your member's personal information, featuring **RON POLISENO** and **JONATHAN RUBENS**.

•IHRSA's **CHUCK LEVE** has left the Association after 28 years to start a new organization called the **Consumer Fitness Association (CFA)**, and he was honored with a nice send off at the **IHRSA Associate Member Reception** in Chicago. Speaking to a crowd of about 200, Chuck recalled some of his experiences during his 28 years with IHRSA, and at the end of his comments, **IHRSA President/CEO JOE MOORE** presented him with a beautiful crystal symbolic gift of thanks (See photo below).

•**bioDensity™ Isometric Strength Technology**, a comprehensive approach to improve, measure and track functional strength is, as I write this, being introduced in leading fitness facilities across the U.S. Leading the way, **bioDensity™ Isometric Strength Technology** will be launched



**Norm Cates**

in **BOB CARPENTER'S** and **ROGER RALPH's** new **Hockessin Athletic Club**, the **Mayo Clinic**, **Johns Hopkins University**, **Rossmore Senior Living**, **PE4Life** and **U.S. Navy Seals facilities**. **JOHN JAQUISH**, **LEE GUTHRIE**, **LEE HILLMAN** (former CEO of **Bally Total Fitness**) and **ED TRAINOR** (of **Town Sports International**) have teamed up to bring this new technology to the world. **Stay Tuned!**

•This news was announced by **JIM CALDWELL**, **President of TRT Holdings, Inc.**, the owners of **Gold's Gym International** on **November 3, 2008**:

## Leadership Change at Gold's Gym

Effective today, David Schnabel will be leaving Gold's Gym International. On behalf of TRT Holdings and the management team at GGI, I want to personally thank David for all of his contributions to the business over the last few years.

In addition to sourcing (See **Norm's NOTES** Page 10)



**Club Industry Celebrated 25 Years - October 16-18, 2008**

## Thank You

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**Joe Moore (L) Bids Chuck Leve Farewell**



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## ...PCI Compliance

continued from page 3

you will have to deal with at some point as a fitness facility owner or operator.

### The Elephant in the Room

From time to time, there are issues that can change the landscape of business as we know it. Technology is a catalyst that has changed our landscape, and we have not seen anything yet, as it is always changing and improving. Fifty years ago, cash (in its physical form) was king. Then, there were credit cards, debit cards and EFT (Electronic Funds Transfer). As seat belts became a safety device first available for widespread consumer use in the 1950's, fifty years after Ford's Model T, systems and devices to protect and ensure safe electronic storage and transmission of a consumer's private and financial data have become essential. The PCI Security Standards Council's Data Security Standards are perhaps the most significant rules guiding businesses in processing electronic consumer payment transactions. Yet, PCI Data Security Compliance is the elephant in the room, however, as no one really wants to talk about it though they know they should.

The issue of data security compliance is fairly new, and with constantly changing standards, it can be a hassle to become compliant; however, there are experts in the field that can help you. In some cases, the fixes are pretty easy. Others, not so much, but each are equally important in terms of liability protection. So, what is PCI? How will it effect you? And, what can you do to minimize your risk? I will turn it over to Ron Poliseno and Jonathan Rubens, experts in the field, to answer these questions as they did so with great detail during their seminar at Club Industry.

### Presentation By Ron Poliseno

When you process a member's credit or debit card to complete a sale, do you think about the potential risks this transaction creates for your member and your club? Is member data security something that you, as a club owner or operator, consider even occasionally? Don't feel bad if you answered "no" to those questions, as you aren't alone. If you answered "yes, but I don't



**Ron Poliseno**

know what to do about it", don't worry either because we are going to talk about solutions today.

Today, consumer confidence in data security is down:

- 8.1 million consumers were victims of identity fraud in 2007.
- 50% of consumers directly blame the merchant for criminal activity associated with their credit and financial information.
- 75% of consumers say they will stop purchasing from a merchant where a breach occurred.

I believe it goes without saying, not many clubs could stay open if they lost 75 percent of their customers.

As you will see, many of the problems enabling 21st century fraud are avoidable with proper procedures, hardware and software. The credit card companies know this, and with millions of victims of identity fraud and billions of dollars in fraudulent losses, they have chosen to act.

In September of 2006, American Express, Discover Financial Services, JCB, MasterCard Worldwide, and Visa International came together to form the Payment Card Industry (PCI) Security Standards Council in order to combat the ever-growing threat of identity fraud. Their mandate includes:

- Rigorous requirements for security management, policies, procedures, network architecture, software design and other critical protective measures.
- Standards used by all card brands to assure the security of the data gathered while an employee is making a transaction at a bank or participating vendor.

Your club is a participating vendor, and you are responsible for maintaining PCI Compliance regardless of club

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size or the number of annual credit card transactions.

In any facility, there are three areas of concern: Paper Risk, Storage Risk and Transmission Risk, and each of these pose many potential problems, such as:

- Salespeople being able to view a customer's billing information.
- Paper contracts requiring document controls (i.e. locked file cabinets, file rooms, etc).
- Back Office personnel reading and entering customer billing information.
- Other employees seeing customer information when documents are visible on an employee's desk.
- Billing being visible through an application's user interface.
- Application access not sufficiently restricted to eliminate unwarranted access.
- Hackers partially or fully intercepting a transaction transmission to the bank or credit card company.

As you can see, the majority of breaches come from internal sources, so one of the best ways to protect your customer (and yourself) is to reduce the ability for anyone but the customer to view personal and financial information. Though technology has created some of these problems, technology is also helping to solve them.

Hardware now exists that allows a club to eliminate paper contracts. In such a case, a new member enters his personal information at a private console. They then enter their financial information or swipe a credit card, as they would at a grocery store. All of that information is then encrypted and electronically transmitted to the club's central computer. No one should have access to this information but high level, fully-trusted personnel.

If private consoles are outside your club's scope of necessity, strict procedures are crucial; however, a credit card swipe device is still a must as it **keeps the card in the member's**

**hand.** The paper contract should then be kept under lock and key with controlled access. If a contract must later be viewed, however, have it signed out by whoever has access to view it.

As for transmission risk, your club's computer infrastructure is very important, and technology can help there as well. As previously mentioned, the member's information should be transferred with encryption. This includes internally and externally when posting transactions to your bank or credit card company. They can help steer you in the right direction for this technology, as well as numerous third-party firms.

The road to PCI Compliance is a long one. It takes time, but getting started is simple and can make a world of difference if you are actually breached. First, fill out the PCI Self Assessment Questionnaire by going to: [www.pcisecuritystandards.org/pdfs/pci\\_saq\\_d.pdf](http://www.pcisecuritystandards.org/pdfs/pci_saq_d.pdf). Second, choose a compliance validation partner. Look for one with Visa Certification ([www.visa.com/cisp](http://www.visa.com/cisp)) and experience at handling scans like yours. Finally, implement a PA-DSS (Payment Application Data Security Standard) club management solution. For more details on all of these steps, goto: [pcisecuritystandards.org](http://pcisecuritystandards.org).

### Presentation By Jonathan Rubens

It is important to note, the PCI Data Security Standards were created by the Payment Card Industry Data Security Council, which is a *private* consortium of the leading payment card businesses including the well-known card companies such as Visa, MasterCard and Discover. No federal statute or government agency mandates compliance with the specific rules and guidelines included in the PCI standards. In fact, there is no single uniform set of rules imposing requirements on how businesses handle, store, process and otherwise deal with a consumer's private financial data. Instead, the PCI Data Security



**Jonathan Rubens**

Council has adopted a set of standards, which are meant to be regularly reviewed and updated, and which are intended to govern the merchants who sign up through acquiring banks to use the payment card system. In effect, the PCI Data Security Council created the first real uniform set of standards for merchants to implement in their data security management systems. This is important when it comes to the risks of non-compliance.

With the exception of newly-enacted legislation in Minnesota, which makes non-compliance grounds for liability to a merchant bank in connection with damages associated with a data breach, the risk of non-compliance lies with the consequences that will be levied by the Payment Card Industry, not to mention public opinion.

The truth of the matter is being PCI Compliant is not enough. First, with the evolution of technology, PCI standards were designed to evolve. In fact, the new release came out in October. Like constantly upgrading new software, not all businesses can afford to be fully compliant at all times, and even if they can, a business may still be liable for the consequences of a security breach if it is found to have been negligent in the way it handled a customer's private information.

The Federal Trade Commission (FTC) recently stated that all businesses have a basic obligation to use *reasonable* efforts to protect a customer's personally-identifiable private information. Whether a business's efforts will be found reasonable depends on the facts and circumstances of each case. Compliance with the PCI standards may not be enough; the business needs to make sure it is doing everything it reasonably can do under the circumstances to (See *PCI Compliance* Page 8)



# Make It Happen, SELL MORE!!!

By: Ray Gordon

That's right, sell more memberships. Everyone is acutely aware of the current economic situation. Most clubs are experiencing a large reduction in guest traffic. Yet, most clubs are obtaining a higher closing ratio on their available guests. This means that some people are seeing the benefits of exercise and a healthy lifestyle.

Let's be real, monthly dues pale in cost by comparison of what could be a very necessary medicine for prescribed health.

Jeff Masten, a great trainer of membership team's, describes it best when asked what he does for a living. His reply, *"I sell the best preventive and rehabilitative medicine in the world... I sell exercise. I help people live a better lifestyle!"*

Now, more than ever, people need to be regular users of the great product that we all sell.

It is true that the majority of guests that inquire about a club membership will list weight-loss as a reason for their interest. That's great because there is no better place for them to attain that long-term goal than as a regular user of

your professional programs. It is a very simple formula that most Americans consume too many calories for the amount of activity that they perform.

But, losing weight is just the very tip of the benefits of cardiovascular exercise and strength training. There are literally hundreds of benefits that can be achieved when a non-regular exerciser incorporates exercise into their lifestyle. Headlines across America are constantly reminding people of the stressful environment that we are currently living in. Millions of Americans would gladly pay \$50 to \$80 a month to reduce their stress and feel better. These same Americans want to reduce their resting blood pressure, improve blood lipid profiles, avoid 5 to 7 pounds per decade of muscle loss after the age of 50, and increase glucose uptake --reducing the risk of type 2 diabetes. The list goes on and on and on...

## Make It Happen!!!

Membership sales staff... it simply is just not enough to "sell" an interested prospect in today's highly volatile and competitive

market. You must gather enough important personal information so that you can make a difference in the statistical odds of their success or failure. Most non-exercisers know that they would benefit greatly by incorporating a consistent exercise routine into their lifestyle. It's not like you have to brainwash them on the advantages that they would be rewarded with.

People really are creatures of habit, and over 70% of American adults have established the habit of failing to exercise on a regular basis. It really is not surprising that their belief level of "succeeding this time" is subpar.

But, what will happen when this is the time that they *succeed*? You want to talk about a *raving fan of your club and your staff...* well, you *will have created one*.

Much has been written about how to ask for member referrals, and while this is very important, it is just as essential to think long-term and earn your referrals. In a time when guest traffic is reduced in most clubs in our industry, we desperately need support of our members continually referring us to their friends and acquaintances. It's not about just

automatically expecting members to explain the benefits of your club, it is about earning that right because of the effort you exerted to make sure that they succeeded.

I think the mindset of the membership sales person, upon greeting a new guest in the club, should be, "here is a great opportunity for 4 new memberships." The first new membership is the guest you just greeted, the second new membership is the emotional referral that you received at the start of their membership, the third and fourth new memberships are from referrals that you earned throughout their first year as a member.

Some inexperienced salespeople put all their efforts to hammering their new member for referrals within the first 30 days without any real professional plan to think long-term. It is a rare occasion that a member who is not successful and not using your club will refer their friends to join your club. People do not refer your club to friends after their failure, it's embarrassing.

Our industry has a very dismal success rate of converting non-regular exercisers into a healthy long-term lifestyle of regular



**Ray Gordon**

exercise. Change that one statistic, and you will immediately increase your income, your club profits and you will enhance the reputation of your facility within your community.

## Make It Happen!!!

(Ray Gordon is the Founder and President of Sales Makers. IHRSA honored Sales Makers with its IHRSA Associate Member of the Year and placed them on the IHRSA Associate Member Wall of Fame. Contact Ray at: [rayg@salesmakers.info](mailto:rayg@salesmakers.info))

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"Membership Specialists Since 1979"

**Ray Gordon**  
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## ...Activity Guidelines

continued from page 3

"It's important for all Americans to be active, and the guidelines are a roadmap to include physical activity in their daily routine," HHS Secretary Mike Leavitt said. "The evidence is clear --regular physical activity over months and years produce long-term health benefits and reduce the risk of many diseases. The more physically active you are, the more health benefits you gain."

Regular physical activity reduces the risk in adults of early death; coronary heart disease, stroke, high blood pressure, type 2 diabetes, colon and breast cancer and depression. It can improve thinking ability in older adults and the ability to engage in activities needed for daily living. The recommended amount of physical activity in children and adolescents improves cardio-respiratory and muscular fitness as well as bone health, and contributes to favorable body

composition.

The Physical Activity Guidelines for Americans are the most comprehensive of their kind. They are based on the first thorough review of scientific research about physical activity and health in more than a decade. A 13-member advisory committee, appointed in April 2007 by Secretary Leavitt, reviewed research and produced an extensive report.

Key guidelines by group are:

**Children and Adolescents** - One hour or more of moderate or vigorous aerobic physical activity a day, including vigorous intensity physical activity at least three days a week. Examples of moderate intensity aerobic activities include hiking, skateboarding, bicycle riding and brisk walking. Vigorous intensity aerobic activities include bicycle riding, jumping rope, running and sports such as soccer, basketball and ice or field hockey. Children and adolescents should

incorporate muscle-strengthening activities, such as rope climbing, sit-ups and tug-of-war, three days a week. Bone-strengthening activities, such as jumping rope, running and skipping, are recommended three days a week.

**Adults** - Adults gain substantial health benefits from two and a half hours a week of moderate intensity aerobic physical activity, or one hour and 15 minutes of vigorous physical activity. Walking briskly, water aerobics, ballroom dancing and general gardening are examples of moderate intensity aerobic activities. Vigorous intensity aerobic activities include racewalking, jogging or running, swimming laps, jumping rope and hiking uphill or with a heavy backpack. Aerobic activity should be performed in episodes of at least 10 minutes. For more extensive health benefits, adults should increase their aerobic physical activity to five hours a week moderate-intensity or two and a half hours a week of vigorous-intensity aerobic

physical activity. Adults should incorporate muscle strengthening activities, such as weight training, push-ups, sit-ups and carrying heavy loads or heavy gardening, at least two days a week.

**Older Adults** - Older adults should follow the guidelines for other adults when it is within their physical capacity. If a chronic condition prohibits their ability to follow those guidelines, they should be as physically active as their abilities and conditions allow. If they are at risk of falling, they should also do exercises that maintain or improve balance.

**Women During Pregnancy** - Healthy women should get at least two and a half hours of moderate-intensity aerobic activity a week during pregnancy and the time after delivery, preferably spread through the week. Pregnant women who habitually engage in vigorous aerobic activity or who are highly active can continue during pregnancy and the time after delivery, provided they

remain healthy and discuss with their health care provider how and when activity should be adjusted over time.

**Adults With Disabilities** - Those who are able should get at least two and a half hours of moderate aerobic activity a week, or one hour and 15 minutes of vigorous aerobic activity a week. They should incorporate muscle-strengthening activities involving all major muscle groups two or more days a week. When they are not able to meet the guidelines, they should engage in regular physical activity according to their abilities and should avoid inactivity.

**People With Chronic Medical Conditions** - Adults with chronic conditions get important health benefits from regular physical activity. They should do so with the guidance of a health care provider.

For more information, goto: [www.hhs.gov](http://www.hhs.gov).

## ...PCI Compliance

continued from page 6

protect that information, including compliance with the PCI standards.

A consumer's personally-identifiable information is defined by the FTC as "individually identifiable information from or about an individual consumer", including:

• First and last name

- Home address
- Email address, user identifier or screen name
- Telephone number
- SSN
- Credit and/or debit card information (number, expiration, magnetic stripe data, etc)
- A "persistent identifier", such as a customer number held in a "cookie" or processor serial number, combined with other available data that identifies
- Other information from/about

an individual consumer combined with the above.

When it comes to privacy issues, there are many others to consider, including employee privacy, online privacy, business privacy (trade secrets), and more. Though there is no Federal Statutory "Right to Privacy", there are numerous federal laws imposing certain privacy protection obligations on businesses, and under the FTC Act, failure to provide reasonable

information security may be grounds for prosecution by the FTC or by state regulators for committing an unfair or deceptive trade practice.

### Don't Be Caught Unaware


Data security is an increasingly important area of concern for all businesses, and the consequences of business' failures to pay attention to it are in the news every day. In Chicago, Ron

Poliseno warned the audience he was aware of five such breeches in our industry this year alone. Though he could not discuss the details, he did inform us that the retainer fee (a fee required by lawyers before they will even start work on a case) alone for one of the businesses involved was \$35,000! So, the final message to club businesses: Don't be caught unaware! Review your security practices for compliance with the PCI data security standards, have your systems audited and undertake an assessment of what you should be doing to bring your electronic transaction and consumer private information business practices in line with current standards. The seminar at Club Industry was an hour and a half long and covered many more issues related to PCI issues, so this article is a summary of the most important points; however, it should give you an idea of what you are facing and whether or not you have any glaring issues to deal with. If you think you could be caught unaware, seek advice and a solution, as this can go a long way if a breach occurs. I want to thank Ron and Jonathan for their excellent seminar on this issue and the help in preparing this article.

(Justin Cates is President of CLUB INSIDER and may be reached at [justin@clubinsideronline.com](mailto:justin@clubinsideronline.com))

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## ...Norm's NOTES

continued from page 4

TRT's acquisition of Gold's Gym, David helped lead the company through an important stage in its evolution and built a strong foundation that will serve us well into the future.

I am pleased to announce that James Weaver will be stepping into the role of CEO. I have known James for ten years. He is an accomplished leader who brings to Gold's more than 40 years of management and entrepreneurial experience including nine years leading sales and marketing for Johnson and Johnson's hospitality business. Additionally, James co-founded and built a major hospital supply company, Technol Medical Products, which was later sold to Kimberly Clark. James is a graduate of the University of

Texas and resides in Dallas with his wife, Joy. Please join me in welcoming James to the Gold's Gym family.

Lastly, I'd like to thank our employees at both the GGI support center and in the field as well as our franchise and vendor communities for your continued commitment and dedication to our great brand. Over the past two years the company has made tremendous progress and we're confident that working together under James' leadership we'll continue to grow to the benefit of the entire Gold's Gym family.

Best in health,

Jim Caldwell

• Long-time friend, **JIM GERBER**, has been named by the *Western Athletic Clubs* to serve on its *Board of Directors*. In his new

position, Jim will focus on club development and strategic projects, and relinquish his day-to-day operational responsibilities. **MATTHEW STEVENS**, the former *CEO of Spectrum Athletic Clubs*, has been tapped to step into the vacant *WAC CEO* position. *Congratulations Jim and Matthew!*

• **WALLY** and **MESHELLE BOYKO** are moving their *National Fitness Conference and Trade Show, Ms. Fitness USA and Ms. Fitness World* events to *The Grand Sierra Resort* located 15 minutes South of Reno, Nevada. The event will be August 18-20th, 2009. Free admission to the Seminars and the Trade Show, combined with a special \$79 room rate, a free awards banquet where **MARK MASTROV** will receive the *NFTJ Lifetime Achievement Award* and **JOHN SALVITTI** of *Strive Fitness*, **JOHNGUELZOU** of *Star Trac*, and **MICHAEL ROJAS** and **SCOTT FRASCO** of *Iron Grip Barbell Company* will be honored with the *NFTJ Distinguished Service Award*, combined with free *Ms. Fitness USA* and *Ms. Fitness World* tickets are featured. Importantly, **MIKE "The Club Doc" CHAET** of *CMS International* and I have teamed up to help Wally Boyko put together a blockbuster faculty for the seminar schedule featuring some of this industry's most experienced and talented presenters. Soon, we will publish the entire educational seminar

schedule. Let me remind you that all of these seminars, and really this entire convention, except for the \$79 room rate and travel, is all free... a truly unique and differentiating concept for Wally's relocated event that will match the economic times we all have ahead. Please make plans to be at *The Grand Sierra Resort* just south of Reno, Nevada August 18-20th! For exhibit information, contact Wally Boyko at [WallyBoyko@aol.com](mailto:WallyBoyko@aol.com).

• I enjoyed meeting four staff members from the *Summit Sports Club* in McAllen, Texas, who were attending *Club Industry Chicago* for the first time. **CheckFree's RANDY IVEY** introduced me to: **ANGIE GARZA**, **ANNA GARZA**, **MAGGIE GARZA** and **SALLY DELGADO**. So, upon returning home, I reached out and asked the ladies to provide an article summarizing why they attended, what they learned and how their learning will make their club better. Check out their comments and photo in the article on **Page #20**.

• **PAT LAUS**, **KEVIN McHUGH** and *The Clubs For The Cure Team* are ramping up the start to next year... They need to get your commitment early so that you can plan to be part of this effort for *Augie's Quest* in February. The *CLUB INSIDER* has been covering these efforts over the past year, and Pat's *Atlantic Club* is back in and looking to provide the *Clubs*

*For The Cure/Augie's Quest Team* with a donation that will far exceed last year. The *Clubs For The Cure/Augie's Quest Team* has just signed on **MARI TAMMISTO'S Club in Finland** as the first International Club to become part of the Team... Thanks to the support of **DOUG MILLER** of *SalesMakers Europe* to The *Clubs For The Cure/Augie's Quest Team*. **CASEY CONRAD** will also be joining the Team and will conduct *Online Sales Training* with 100% of the proceeds going to The *Clubs For The Cure/Augie's Quest* effort. And, *Performance Food Center*, with its Juice Bars, will be back for Phase Two... The *Clubs For The Cure Team* will be back in action at **PETE BROWN's Athletic Business Conference and Trade Show** in December in San Antonio, Texas, and you will all be receiving information about how you can join the team. It is more important than ever to join The *Clubs For The Cure Team/Augie's Quest* team, and it is simple to join the Team. They have events planned for an Indoor Cycling Class on February 7th and a Step or Group Exercise Class on February 14th, or you can use your creativity to have your own event for Augie prior to March by visiting [www.clubsfortheure.com](http://www.clubsfortheure.com). We, as an industry, can make a difference in finding the cure for ALS... It just takes *One Club*, to conduct *One Event*, for *One Hour* to help achieve *Augie's Quest* to find the Cure. Look in our December, "2008 In Review" Special Edition for a listing of the clubs and vendors that have joined the *Clubs For The Cure/Augie's Quest Team* for this upcoming year.

• *Welcome Back to JOE and HEATHER GRAVES' Vitabot as CLUB INSIDER Advertisers!* Vitabot is a great company with an excellent program that enables you to provide your club members with expert nutrition plans that will facilitate the achievement and maintenance of their goals. Also, Vitabot produces valuable webinars on a variety of subjects including nutrition and marketing. Check out the *Vitabot* ad on **Page #39**.

• *This Just In! The TELOS Fitness Center* in Dallas, Texas has been named the *Business of the Year* by *The North Dallas Chamber of Commerce* and the *Dallas Business Journal*. (See Norm's NOTES Page 12)

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## ...Norm's NOTES

continued from page 10

**Congratulations to BRENT DARDEN, EVERETT AABERG** and the **Telos Team** for this great honor. We covered this amazing club turnaround story in our July, 2007 Cover Story, and I knew then what an outstanding club business Telos Fitness Center was. To read more about it, see the report on **Page #22**.

• **LARRY GURNEY'S RUSH FITNESS** chain is doing great things for their employees, as evidenced by the **Knoxville Business Journal (KBJ)** in an article entitled, "Employees Rush Toward Financial Fitness", by **KAY BROOKSHIRE**, Monday, October 20, 2008. The article begins, "The Rush Fitness Complex prides itself on being on the cutting edge of physical fitness. Now, the company's employees are shaping up in the financial fitness world, as well. The Rush offered employees an opportunity to attend a workplace version of Dave Ramsey's Financial Peace Seminar, agreeing to pay the \$150-per-person materials cost if employees attended five of the six summer Saturday sessions. With seminars offered in both Knoxville and Greensboro, N.C., 127 employees attended, including 51 in Knoxville and 15 spouses. Larry Gurney is one of the best club owner/operators in the business and is up there with **DEREK BARTON** and **MIKE GRONDAHL** when it comes to branding expertise. Larry has a real Team Culture amongst his staff, and this news, shared with me by **PRESTON FIELDS**, is evidence of that. To read the full Knoxville Business Journal article, go to: [www.knoxnews.com/news/2008/oct/20/employees-rush-toward-financial-fitness](http://www.knoxnews.com/news/2008/oct/20/employees-rush-toward-financial-fitness)

• **IHRSA** set an all time attendance record with over 15,000 at the September IHRSA Convention and Trade Show in Brazil. This brings to mind **IHRSA's 28th Annual Convention and Trade Show** in San Francisco, March 18-20th, 2009. Check out the article on **Page #28** and ad on **Page #29**.

• **JOE MOORE, IHRSA President/CEO**, sent a memo to IHRSA Members on October 20th about the new **U.S. Physical Activity Guidelines for Americans**. Moore wrote:

Greetings! If you've been lax about your exercise routine and aren't sure what you should be doing, new recommendations give adults and kids specifics on what they can do to reap important health benefits.

Adults need a minimum of 2 1/2 hours of moderate exercise per week, or one hour and 15

minutes of vigorous activity, and kids should get an hour of activity per day, according to the Physical Activity Guidelines for Americans announced earlier this month.

Those are the numbers the U.S. Department of Health and Human Services came up with after a two-year process that included having a 13-member advisory committee review scientific research on the effects of physical activity and health.

"The flexibility that is built into guidelines is its strongest suit," says Joe Moore, President and CEO of the International Health, Racquet & Sportsclub Association, which is helping HHS spread the word.

"The beauty of this is that you can look at the total hours people are active --whether they're going to a health club, walking to work, climbing the stairs or doing any other activity they enjoy-- and figure if it's meeting the guidelines," Moore says. "The message is to find what you enjoy because research shows that you will stick with it."

For children and adolescents, the recommendations are similar. Kids don't have to be in a structured program like soccer but can play tag, jump rope or skip as part of their daily routine. "The idea is to get them out of doors or into an activity in a gym that they like," Moore says. The guidelines are a "huge step" because the HHS advisory committee was able to take "complicated scientific information and distill it down into where it can be understood."

"There's so much disinformation in the public domain about how to exercise that it's really nice to see government come in and give good solid advice," said Moore.

• This from **FORBES MAGAZINE - DOVER, NH - October 15, 2008 - PRNewswire** - During one of the most trying economic periods in decades, the Planet Fitness health club company has been posting some remarkable numbers recently:

• 20 new club openings in September and October.

• More than 30 new franchises sold.

• Several new area-development agreements finalized.

• By year's end, 80 new Planet Fitness locations will have been launched in 2008.

What's driving such rapid growth at a time when many industries and businesses are struggling? Simple economics.

As savvy consumers look to reduce their spending, demand has increased for Planet Fitness' price-friendly membership deals. While most health clubs charge at least \$30 a month, a basic \$10 a month Planet Fitness

membership delivers a top-notch product --stylish, clean facilities packed with miles of name-brand cardio and strength machines, as well as a relaxed, Judgement Free Zone(R) atmosphere. A \$19.99 a month membership provides access to all 245 clubs in Planet Fitness' nationwide chain, in addition to free tanning, half-price cooler drinks, unlimited guest privileges, and other benefits.

No other health club operator delivers as much value for such a low price. As a result, a number of Planet Fitness locations are seeing unheard-of membership totals. Nearly two dozen clubs claim more than 8,000 members, and sign-up numbers are soaring in new markets such as Austin, Texas; Roanoke, Virginia; and Oshkosh, Wisconsin, among others.

This success has caught the eye of entrepreneurs and investors, who have been snatching up Planet Fitness development rights around the country, taking advantage of the best terms in years for commercial leases.

"Without a doubt, this is the fastest growth ever seen by an operator of full-size health clubs," says Planet Fitness Executive Vice President, Ben Midgley, reflecting on the changes since the New Hampshire-based company started franchising in 2003. "The reasons are pretty clear. In good times and in bad, we've got a product that delivers for consumers, and a business model that no other club operator can compete with."

Over the next several years, franchisees plan to open more than 40 Planet Fitness locations in the Dallas - Ft. Worth-area, 10 in the vicinity of Columbus, Ohio, and seven around Jacksonville. Big development deals are also in place in the Carolinas, New Jersey, Pennsylvania, and upstate New York.

Besides the 245 clubs now open, more than 450 Planet Fitness locations are in some stage of development. - **Forbes**

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• **BRAND**. What is your club's brand in your community? What is your

own **PERSONAL BRAND**? What do people in your community think of when your club or your name comes up in conversation? In this issue, we have an article entitled, "Need Employment Insurance? Master Your Own Personal Brand" by **BRENDA PENCE** on this subject. Check out **Page #38**.

• **The Attorney General in Maryland** announced the state had filed charges against eleven health clubs for failing to renew their registration with the **Division of Consumer Protection**. The suits sought cease and desist orders to prevent those 11 clubs from selling health club services unless they comply with regulations, as well as pay civil penalties and costs. How about your state and your club? What is your status? Do you have Consumer Protection Laws to comply with and is your club compliant? If your answer is YES, we have laws in our state, and NO, my club is not up to snuff... then avoid similar trouble and get it done! This is crucial.

• **Job Stress Is A Worldwide Epidemic** reads the headline in an article provided in **MARC ONIGMAN's Stonehearth Newsletter**. This headline reminds me to remind you again to "Make your club an Oasis" of **FUN, FRIENDSHIP and RELAXATION!** Make it a happy and relaxing 3rd place that is so alluring to your members that after work they will turn the wheel of their car toward your club, as opposed to steering it to a local bar where they can drink away their stress. Create a culture in your staff that constantly **mentally WELCOMES your members to come to their "Oasis"**.

• **This Just In! GEOFFREY DYER, the Founder of LifeStyle Family Fitness Centers**, sent me a link today to some photos of vintage fitness equipment from the 1800's. These photos are a hoot! To see the Circa 1800 exercise equipment photos go to: <http://lumq.com/07/vintage-fitness-equipment/>

• It was a pleasure for my son, **JUSTIN**, and I to meet **SEAN** and **CHRISTINE NEELY** at **Midway Airport** while we were waiting for our flight back to Atlanta from Chicago last month. They live in Alpharetta, GA, and Sean is the **Vice President of Franchising for AnyLabTest Now**, a group of facilities across the country that provide **cholesterol, PSA and other medical tests for walk-ins**. I told Sean that I think AnyLabTest units would be a great opportunity for clubs to install in their clubs, and I am going to provide you with his email and website in case you want to explore the idea. You can reach Sean by

email at [sean@anylabtestnow.com](mailto:sean@anylabtestnow.com) or phone at **404-915-5170**. You can also learn more about AnyLabTest online at [www.anylabtestnow.com](http://www.anylabtestnow.com). Sean's wife, Christine is a vivacious young lady, and along with Dad Sean, the Mom of two. She runs **HealthClubDirectory.com** and is also involved with **PreSchoolGym.com** as a B.A., HS, ACE and Georgia Certified Teacher. Christine's email is [chris@preschoolgym.com](mailto:chris@preschoolgym.com).

• Mentioning my son, **JUSTIN CATES**, in a previous note, I want you all to know how fortunate of a man I feel I am. I have worked my tail off for you all during my first 15 years of publishing **CLUB INSIDER**, doing seven people's jobs every month. As of January 1, 2008, Justin joined **CLUB INSIDER** full time. He's a terrific, organized and amazingly hard working guy, and I am very proud of him. Justin has already truly changed my life, and I want to bring to your attention, not only his work on our layouts each month, but his articles this month and his amazing work on our website. My friend, **RICK DEVEREUX** sent an email memo last month and I want to thank him. Thanks Rick! Rick Devereux, former IHRSA leader with **JOHN MCCARTHY** for 25 years wrote, "Norm, Great to see you have a succession plan for Club Insider and wonderful that it's Justin --and that he is a business major. The industry will be in good hands, I see, by his article in your September issue." - **Thanks Rick!**

• Folks, if you are a paid subscriber we thank you for your investment in **CLUB INSIDER**. For those who do not know, we are a subscription-based publication and greatly appreciate the investment many of our readers make each year. With the launch of our Online Edition of **CLUB INSIDER**, we now offer two subscription plans. With our Combination Subscription, you receive both printed and online editions for only **\$89** a year. We also offer an online-only subscription at the rate of **\$49** per year. Under both plans, you not only get 12 months of **CLUB INSIDER**, but you get past issues as well (2006 and 2007 editions going soon!). If you are not a paid subscriber, please join us by going to [www.clubinsideronline.com](http://www.clubinsideronline.com). It's quite a deal, and you will be glad you did!

• **Happy Thanksgiving!** Remember how blessed we all are and give thanks.

• **God Bless America!** And, **God Bless You, Your Family and Your Club(s)!**

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### ...Club Industry

continued from page 3

in the Future" and included comments from four esteemed industry veterans, Carl Liebert, CEO of 24 Hour Fitness; Jeff Klinger, Founder and CEO of Anytime Fitness; Gale Landers, CEO of Chicago's own Fitness Formula Clubs; and Scott Chonovec of Scott Chonovec Consulting. The panel fielded questions from an audience of about 150 on Friday, October 17th. In this issue, in the Rick Caro Panel article that starts on **Page #20 CLUB INSIDER** asks what we believe is the "Question of the Century" for our industry, so please check out the report.

•Mike Minton's Sportsplex in Texarkana, Texas, won one of Fitness Business Pro's four Best of the Best Awards, being honored with Best Programming for Children. Mike Minton is in a class all by himself in the realm of childcare services in his club organization, and he has a major expansion underway. Mike Minton's Sportsplex childcare programs generated \$470,000 in revenue in 2007, just a portion of the total revenue at his facility in Texarkana. Minton provides a huge community service in Texarkana with his club's childcare services program, one that truly differentiates his club, not only

locally, but from virtually every other club in the United States. Be sure to check out our report starting on **Page #20** and learn what you can from Mike Minton about great childcare services as a real profit center for clubs.

•Apex Fitness and bodybugg is coming on in a Big Way. The bodybugg exhibit experienced more traffic in Chicago than anybody we observed at Club Industry's 25th Anniversary Trade Show. Not once during 6 or 7 passes by their exhibit was there a good time for a staff photo because Steve Datto and his great Team were covered up with crowds overflowing into both isles of their corner exhibit. So, Steve arranged to have the photo shown on our cover taken at the end of the show, and the photo on **Page #24**, with the article by Dr. Ed Slover of bodybugg, was taken by yours truly. I would imagine you have heard of Apex Fitness and bodybugg. BUT, you may not know Steve Datto, the industry veteran formerly with Hoist Fitness and then 24 Hour Fitness. He is a dynamo of a guy hand-picked by new 24 Hour Fitness CEO, Carl Liebert, to lead the new charge of Apex Fitness/bodybugg (24 Hour Fitness is the parent company of Apex Fitness/bodybugg). One of the most important things the Apex bodybugg program

provides is the ability for clubs to build relationships with non-club members before they even come to a club, a topic I address in my intro writing preceding Dr. Slover's article and in Rick Caro's Chicago Panel report on **Page #20**.

•Another noteworthy event was IHRSA's, now annual, Club Industry event, the Associate Member Reception, held at the Hyatt Hotel on Thursday evening, October 16th. This event doubled as a going away party for Chuck Leve, as he has departed IHRSA after 28 years to create the new Consumer Fitness Association, a new organization intended to become the next AARP. Chuck addressed the crowd and recalled some of his experiences during his IHRSA career and then received a nice crystal going away gift from IHRSA President/CEO Joe Moore.

And finally, we made plenty of contacts with a wide array of individuals at our exhibit, and some of those conversations are chronicled this month in Norm's Notes.

Personally, I want to thank you all. I want to thank all of you who took the time to come to Chicago and attend the seminars and the trade show. I want to thank those of you who stopped by our CLUB INSIDER exhibit to

visit with my son Justin and me, as we celebrated CLUB INSIDER's 16th year of publication. In fact, it was 16 years ago this month that CLUB INSIDER was launched at the Club Industry Show in Chicago. So, I want to thank all of you who have subscribed to and read CLUB INSIDER over the past 15 years. And, I want to thank our dedicated Team of Advertisers who have helped bring CLUB INSIDER to you for 181 months now. Of course, I want to thank and express my sincere and great appreciation to our excellent CLUB INSIDER Contributing Author Team, and thanks to all of you who share your scoops, tips and news with us, so we may be the first publication to break hot news in print.

As Club Industry and CLUB INSIDER continue into our futures, we both hold the same goal of helping club owners and operators advance the state of the art of their club businesses. As I have told many of you in previous CLUB INSIDER writings, and in person, we are all in this together. So, if you think it is strange that I might produce a cover story celebrating our fine competitor's 25th Anniversary, just please think again. Please understand that we do support and promote several of our competitors, because we believe they share the same goals and values that we hold. We

support IHRSA, its CBI and Club Business Entrepreneur Magazines and the IHRSA Trade Show; Fitness Business Pro Magazine and their Club Industry Chicago Show and East (coming to Boston this Summer); and Pete Brown's Athletic Business Magazine and Conference and Trade Show, as well as Pete's Fitness Management Magazine and Wally and Meschelle Boyko's National Fitness Trade Journal and Trade Show, all because we believe they have your club's best interests in mind.

So folks, be sure to read our associated cover story articles in this issue and mentioned above.

And, as we are now at **16 years and counting**, we thank all of you for reading and supporting CLUB INSIDER!

(Norm Cates, Jr. is a 36-year veteran of the health, racquet and sports club industry. Cates was the Founder and is now celebrating his 16th Anniversary as the Publisher of CLUB INSIDER. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at 770-850-8506 or by email at: [norm@clubinsideronline.com](mailto:norm@clubinsideronline.com))



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# Dr. Kenneth Cooper Honored At Club Industry

## *And, an Interview With Dr. Cooper About Obesity in America*

By: Justin Cates

On October 16th, Dr. Kenneth Cooper, "the Father of Aerobics" and Founder of the Cooper Aerobics Center, was honored by Club Industry with its Lifetime Achievement Award at its yearly show in Chicago, IL.

In 1968, America was introduced to a new word, and more importantly, a new concept. His first bestseller, *Aerobics*, created a fitness revolution and subsequent preventative medicine research, persuasive public appearances and a series of inspiring books has motivated millions to change their lives and adopt a habit of regular exercise leading to a healthier lifestyle.

The Cooper Institute was founded in 1970. Back then, Dr. Cooper believed it was as important to try to prevent disease as it was to treat and cure. Nearly four decades later, through meticulous research, that basic premise and vision has been reaffirmed and strengthened. What was once looked upon as "opinion" has become scientific reality.

Today, Dr. Cooper is recognized as the leader of the international physical fitness movement and credited with motivating more people to exercise in pursuit of good health than any other person. He serves as chairman of the Cooper Aerobics Center. He holds a B.S. degree and an M.D. degree from the University of Oklahoma as well as an M.P.H. degree from the

Harvard University School of Public Health, and he is certified by the American Board of Preventive Medicine.

We, at CLUB INSIDER, want to thank Dr. Cooper for his service to our country and our world, and we congratulate him on this most-deserved award.

After the award presentation by Club Industry's Pamela Kufahl, Dr. Cooper delivered a very powerful presentation on the benefits of exercise and the obesity crisis facing America. In short, the facts and statistics he presented and the trends they show are staggering, but even more serious were those defining the scope of the crisis facing our nation's youth.

### Childhood Obesity in America

According to the Centers for Disease Control and Prevention, the percentage of overweight children has more than tripled in the past 40 years. From 4.2% (6-11 year-olds) and 4.6% (12-19 year-olds) in the 1960's, 15.3% and 15.5%, respectively, were overweight in 2000. These percentages are estimated to have increased to the high 18% range from 2000-2004, and *obesity* among children is expected to reach 20% by 2010.

These statistics are very disturbing for several reasons. First, it is estimated that an insured child treated for obesity-related diseases is approximately three times more expensive

than the average insured child. Second, over 50% of these children will become obese as adults. This has increasingly serious ramifications as the trend towards obesity is accelerating among children. Finally, all of the diseases that face the obese adult population face obese children as well. Especially alarming is the increase in adult-onset diabetes that has been seen in children born after the year 2000. 1 out of 3 (higher in Hispanics and African-Americans) will develop diabetes, and for those under the age of 14 with this disease, it is estimated that they will have a lifespan 17 to 27 years shorter than their healthy peers. This could result in the first generation of parents outliving their children.

### Presidential Fitness Today

Years ago, the standard to measure physical fitness among children was the yearly Presidential Fitness Test, comprised of five separate exercise tests; the mile run, shuttle run, curl up (or partial curl up), pull up (or right-angle push up), and the sit and reach (or V-sit). Based on the percentile of a student's individual score, they could earn one of three awards; The Presidential Physical Fitness Award (85th percentile or above on all tests), The National Physical Fitness Award (above the 50th percentile on all tests), and The Participant Physical Fitness Award (below the 50th percentile on any one test). The test's competitive nature was also its flaw, as those not meeting the Presidential or National Levels experienced great frustration, and over time, lost their motivation to excel. Over time, fitness professionals saw this and adjustments have been made.

The Cooper Institute has tackled this issue head on, and the result is FITNESSGRAM®. Using similar tests as The Presidential Fitness Test, and adding some new ones, FITNESSGRAM® tests a student on several areas; aerobic capacity, body composition, muscular strength, endurance, and flexibility. The major difference with FITNESSGRAM®, however, is students do not compete against other students. Instead, personal improvement is stressed. Like the Presidential Test, a student is tested on a periodic basis. Results,

however, are then tracked over time, and like academics, parents are sent a FITNESSGRAM® Report for Parents.

### The Texas Youth Evaluation Project

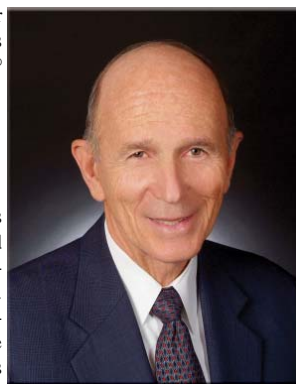
In June of 2007, Texas Governor, Rick Perry, signed Senate Bill 530, mandating exercise for students K-8, into law. Later that year, the FITNESSGRAM® was also approved as the official testing vehicle by the Texas Education Agency giving The Cooper Institute an opportunity to collect some very valuable statistics, which ultimately, reinforced the importance of developing healthy physical fitness habits at an early age.

Based on 2,596,565 test results across grades 3-12, the number of students passing all six tests decreases with each subsequent grade level. For girls, these results range from 32.18% in 3rd grade to 7.83% in 12th grade. For boys, the range is 27.72% to 8.58% respectively. With there being no mandate for exercise in grades 9-12, it is understandable that these numbers could decrease as some will not continue to exercise once released from the obligation to do so; however, that is what this is all about. The goal must be to instill these habits in our youth, so once they are not required to exercise anymore, they still will.

The Texas Youth Evaluation Project is only in its first year, so these are baseline figures. In the future, I would hope to see a reversal of these results, with Grade Three being a student's initial baseline and improvements being made each subsequent grade, even throughout high school. With proper habits, this is possible; however, these will not come without support from the education system, and more importantly, parents.

### Why Does This Matter?

So, why does all of this matter? 20% might not seem like much when we are talking about money or a pizza, but when we are talking about millions of children, it becomes too much too fast. Even more alarming is the trend of obesity in children increasing at an accelerating rate. This matters



**Dr. Kenneth Cooper**

greatly, and for many reasons.

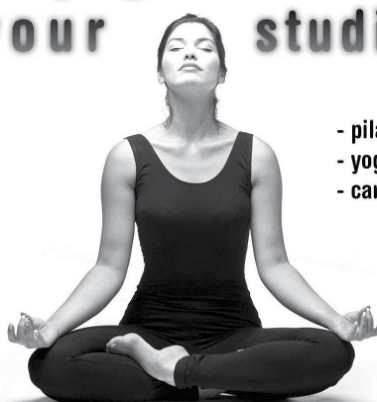
In a 2006 study, the TAKS (reading and math) scores of 8189 Texas 5th and 7th graders were correlated with their FITNESSGRAM® results. You can guess where this is going. The results were positively correlated. As a student passed more FITNESSGRAM® tests, their scores went up. In the scope of legislation essentially gutting the P.E. system in America, this should raise an eyebrow. With the mandate of increasing math and science scores, P.E. is disappearing across the country, while studies clearly show the very thing school systems are being forced to remove could actually help achieve the goal in the first place.

In "Spark: The Revolutionary New Science of Exercise and the Brain", Dr. John Ratey wrote, "Exercise is fertilizer for the brain." It "provides an unparalleled stimulus, creating an environment in which the brain is ready, willing, and able to learn." Anyone lucky enough to have the opportunity to get a workout in during the middle of a workday knows this to be true. I am one who has that blessing, and it makes all the difference in the world. Why not offer our youth the same opportunity? What's more is FITNESSGRAM® has also been correlated to several other important issues related to the potential success or failure of a young student. Among these include the occurrences of substance abuse, violence, weapons, and truancy, not to mention stress.

At the risk of making a simple conclusion to a complicated issue, it all comes (See *American Obesity* Page 18)

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#### •How our workshops can help you!

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## ...American Obesity

continued from page 16

down to this; we are reaching a breaking point in America as it relates to our youth. In a time where obesity is increasing at accelerated rates in our young population, the decision to act decisively must be made. It all starts with the parents. Some don't know this problem exists; some don't care. Education can help with both. The FITNESSGRAM® Parent Report is a great example of how to get parents involved. When asking how a child's day was, also ask if they exercised. For those parents who don't care (whether it be negligent or not), teachers can help. As they are trained to be aware of signs of abuse, they can keep an eye out for unhealthy trends, whether physically visible or via class performance and test results. Finally, reestablishing P.E. in some form, whether extending recess or bringing P.E. classes back to schools where they were cut, our youth can learn some of the healthy habits parents may not know how or have time to teach. In time, maybe we can reverse some of the results we are seeing from a system that does not work.

### An Interview with Dr. Cooper

In preparation of this article, I was fortunate enough to ask Dr. Cooper a few questions in a phone interview about this increasingly important issue.

**CLUB INSIDER (C.I.):** Dr. Cooper, thank you for taking time to speak with us today. First, I would like to congratulate you on the Lifetime Achievement Award presented by Club Industry and thank you for your service to all of us.

**Dr. Cooper:** I appreciate that, thank you, and I appreciated the audience as well.

**C.I.:** During your presentation at Club Industry, I was taken aback by the uphill battle our nation has to fight against obesity, both among adults and children. Using statistics from your presentation, I have outlined some key points and trends in my article about childhood obesity. Of everything you have learned in your research, what concerns you the most?

**Dr. Cooper:** Without question, the obesity and diabetes problem with our children. I can't say I've given up, but I am very discouraged with the lack of

success we've had in improving the obesity problem in our adults. It's not getting anywhere, but we have it exponentially increasing in our children. If that continues, then we have a major health problem facing us in the future, and the most significant one is the problem we have with adult-onset diabetes, as occurring in these young kids. If it occurs before 14 years of age, it shortens your lifespan by 17 to 27 years, and as I said, that means this could be the first generation in which parents could outlive their children. Also, where we have had a progressive increase in life expectancy, the predictions have been pretty good but we've flattened out over the last couple of years, and if these kids are living shorter lives, we're going to find that by the year 2050, the life expectancy of our country will have dropped from 79 years down to 72 years.

Now, if we have 1 out of every 3 children born after the year 2000, and 2 out of 5 Hispanic and African Americans come down with diabetes sometime in their life, that means we'll go from having 21 million diabetics in America today to an estimated 100 million diabetics by the year 2050. If we think we have health problems now, health care costs now, it's going to be unbelievable within the next 40 years, and we need something to stop that. That's why I feel there is a need right now for major action to be taken to try to, first of all, identify the problem, and then make some major changes in our youth. I think there is a small window of opportunity here now to do something, and if somebody doesn't do it, we are going to suffer immeasurably in the future.

**C.I.:** In my article, I also make the claim that we are reaching a breaking point as it relates to our nation's youth. Based on these trends, and what you have just said, I cannot help but think about 25-50 years from now when the children of today are our nation's working adults. The landscape of the world we know may be different. In terms of economic production, national security and the public health at large, what could we face if this problem is left unchecked?

**Dr. Cooper:** Well, as I already mentioned, we are going to see an increase in the cost of our healthcare, but we are also going to see a decrease in the productivity of our people. We are

going to see a military service that is not fit to protect this country, and on and on. Because, the major manifestation of inactivity is obesity, we have depression, we have anxiety, it's going to be an emotional problem, it's going to be a cardiovascular problem, it's going to be a stroke problem, it's going to be a cancer problem, because all of those things are related to obesity. So, I don't see a good future for this country unless we get some control of the obesity epidemic, which is out of control in the adults; but, it still, as this point, can be controlled in the children.

The cost of healthcare in 2006 was \$2.2 trillion, which averaged about \$6,000 per person, and that was 16% of GDP. The closest country in the world that spent that kind of money on healthcare in 2006 was Germany with 11% of GDP. If we could have dropped back from 16% to 11%, we would have saved the American taxpayers \$700 billion on healthcare. Where we are going now is, by the year 2015, the projection is that we will be spending over \$4 trillion on health care. That's over \$12,000 per person and 20% of GDP. I can assure you, if we reach that point, we will have to ration healthcare in America. That is what we are facing.

**C.I.:** In today's uncertain times, stress is surely rising for many Americans. During your presentation, you commented about your yearly examination of President George W. Bush. Each year, you ask him what his stress level is; low, moderate or high. Each year he says, "moderate," yet he has arguably the most difficult and stressful job in the world. What does this say to someone not putting a priority on exercise, whether it is because they do not care or do not "have the time"?

**Dr. Cooper:** As I mentioned during the presentation, the President has told me on several occasions that he exercises for his head, not his heart, and he couldn't control the

stress in his life if it weren't for his fitness. But with the stress of the economy, the stress of this country, the most common manifestation of stress is obesity, and so even though we may see a decline in income, it always amazes me that low-income families can find enough food to become overweight or obese. So, I'm afraid we are going to see an explosion of obesity and diabetes as the economy goes down, and that will do nothing but amplify the problems we have.

**C.I.:** What advice could you give club owners and operators about how to shape their clubs in the future, both for children and adults?

**Dr. Cooper:** We have a real problem now because there is no P.E. program whatsoever in grades 9-12. I was speaking for Gold's Gym in Las Vegas, and I challenged them to concentrate on this. David Schnabel, the CEO of Gold's Gym, said, "Why don't we offer, for next semester, these high school students, 9th, 10th, 11th, and 12th, use of our gym facilities without cost." He, of course, had two motives to that: 1) is to fill the need, and 2) these kids bring their parents along with them if they join the club. But, that's a good idea.

We have also already started our program. If they're going to do something of that magnitude, we're going to do something at our two Cooper Fitness Centers in Dallas and McKinney, Texas. We brought 50 boys and girls from low-income families, single-parent homes to our locations. The girls exercise Mondays and Wednesdays, and the boys exercise Tuesdays and Thursdays. They go through a boot camp, 75 minutes twice a week, and then we give these young kids memberships to work out at our clubs on the weekend. And you'd be amazed! We've had good coverage in the local newspapers on this, and the kids are just ecstatic. I visited with them last night, and they're just so excited. These kids have never had a program like this, and they love it; it's just unanimous. Some of the teens have had major discipline problems and some of them just want to improve their fitness. They had to score poorly as juniors in fitness and academics to be qualified to come out here. They're seniors now, and we are waiting to see what they do. That's what clubs can do.

We do other things

as well. There are a thousand schools in Texas that have no P.E. teachers, particularly those in low-income areas and half the P.E. teachers are not certified. So, what we try to do is have personal trainers go volunteer two or three times a week to lead P.E. classes in these schools. That's what a club can do. Just volunteer your time. Get your people to go over there. When they don't have a good P.E. program, send over some of your highly qualified people to do that.

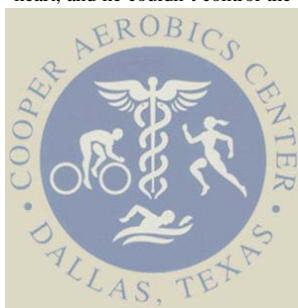
**C.I.:** Dr. Cooper, thank you for your time today, and once again, congratulations on Club Industry's Lifetime Achievement Award. I also want to thank you for your service to your country, both in the Air Force and through your efforts, and to humanity itself.

**Dr. Cooper:** Thank you very much.

To close, I would like to share something with all of you. Sitting there in Chicago, hearing these statistics, trends, and predictions of the future, something snapped in me. I already knew a lot of the numbers I was hearing, but I had never thought of where they could truly take us. Where we are headed is scary; however, it is not yet for certain. We have the opportunity to change our course, maybe not with all adults, but certainly with our children. You, I, we are all in position to do something. If you have the blessing, start as a parent, then move on as a club owner or operator. Create trust with your community, and then, use that relationship of trust to spread the word of this issue. Inform people, persuade people something must be done, and they will react. As Dr. Cooper lamented several times during our conversation, the highest officials in the land are doing nothing, so the process must start from the ground up. That is his motivation. Not money, or power, or anything of the sort, but instead, salvation. We can solve this problem, and in the process, save millions of lives.

I would like to give a special thank you to Dr. Cooper for taking the time to speak with me, as well as thank you to Amy George and Brandy McDonald of the Cooper Institute for the help in connecting with Dr. Cooper.

(Justin Cates is President of CLUB INSIDER and may be reached at [justin@clubinsideronline.com](mailto:justin@clubinsideronline.com))





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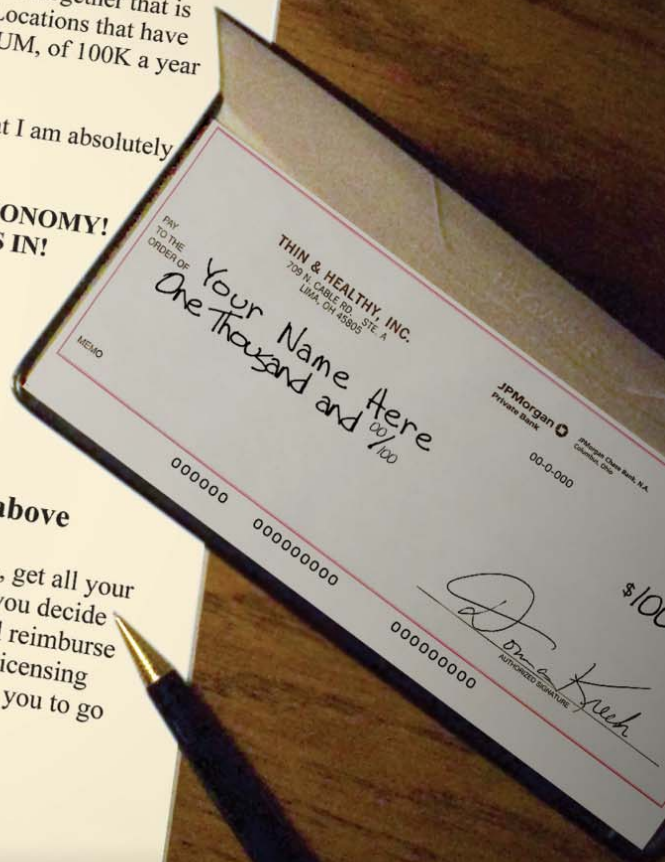
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# Rick Caro's Club Industry Panel

*"Fitness Business at a Crossroad: How to Hold On in Today's Economy and Prosper in the Future"*

By: Norm Cates

Rick Caro, the Founder of IHRSA, and CEO of Management Vision, Inc. in New York City, continues to provide our industry with connections that should help all in this business.

On October 17th, at this year's Club Industry Show in Chicago, Caro brought together an esteemed panel of four who addressed and focused on: **"Fitness Business at a Crossroad: How to Hold On in Today's Economy and Prosper in the Future"**. Panelists included: Carl Liebert, CEO of 24 Hour Fitness; Jeff Klinger, Founder and CEO of Anytime Fitness; Gale Landers, CEO of Chicago's Fitness Formula Clubs; and Scott Chonovec of Scott Chonovec Consulting.

Caro served as the Panel Moderator and led off by talking about the goals for the session, interestingly, a session that ran over by nearly an hour because of the great interest in the topic.

Caro began, "Good morning everyone. This is really a good session. We have tried to identify some real talent for you with different backgrounds and perspectives, and we really want you to participate. You will note that there are two microphones, one in the middle aisle and one in the far aisle, so we want you to

come up to the microphone and ask your questions. Let me just share that the topic is *"Fitness Business at a Crossroad: How to Hold On in Today's Economy and Prosper in the Future."* My name is Rick Caro, and I will serve as the moderator today. In my 35 years in this industry, I find it rare to assemble such a body of talent and leadership in this industry who have made themselves available to answer your questions. So, let me introduce you to the four distinguished panelists."

Caro then introduced the panelists, led the discussion with the first question that was followed by about 15 others and the responses to each question by the panelists. There was a lot of good information shared in this two-hour session, and I want to thank Rick Caro and his panelists, Carl Liebert, Jeff Klinger, Gale Landers and Scott Chonovec for their comments.

Today, in my own way, I seek to expand the size of Rick's panel worldwide. I want to do this by asking each of you the same question I asked the panelists in Chicago. I firmly believe all club owners should be asking this question of themselves and seeking the answers. I am focusing on and asking my question to each of you because I firmly believe it is the **"Question of the Century"** for the

future of our industry.

## The "Question of the Century" For Our Industry

I said to the Panel and the audience, "I want to talk outside-the-box with this question, and I am directing it to all of you fellows, including you, Rick. The most current figure we have, and the one Carl mentioned, is that our industry only has a 14% penetration rate of the U.S. population as members of commercial clubs/fitness centers. There are 41.5 million Americans that are members of what is a disputed total number of commercial clubs, with the actual number of commercial operations being somewhere between 29,500 up to 35,000 clubs. My question is this: When are we going to figure out that this industry ain't working, and what are you all doing to establish outside-the-box relationships with non-members... people who have never been in a club? How are you reaching out to *predispose these people* to actually come to your club, tour it and consider joining it and get a program going? In other words, *do you have programs that are intended to sell a relationship with your club before you even try to sell a membership?*"

The responses from the

panelists varied and included such ideas as creating alliances with outside groups in the community such as doctors, hospitals, the Chamber of Commerce, Universities, Junior Colleges and Churches/Synagogues. But, we need more ideas.

## Expanding the Size of Rick Caro's Chicago Panel to Answer My Question

Now, I want to vastly expand the size of Rick's panel and add you and members of your team to obtain responses to this question. So, my question to each of you is this, "What is your club doing to reach out with programs that do not require consumers to even visit your club initially, but instead, allow you to build a relationship with them before you ultimately invite them to come to your club, tour it, consider joining and finally get established in a regular program of lifestyle change of better nutrition and regular exercise behavior modification?" In other words, **"what programs do you have that reach out to the 86% of the U.S. population that are not members of our clubs and are not doing business with our industry in a way that does not require those people to visit your club first?"**

## A "Bounty" for the Best Programs

Folks, for those of you who have such programs and respond with an answer to my question, I am offering a **BOUNTY...** a **Lifetime Subscription** to CLUB INSIDER to the person who provides the best program along with documented results.

I will be the judge of the best program response. Additionally, each and every responder will have 3 months added to their subscription, and if you are not currently a paid subscriber, you will receive a 3-month subscription with each issue mailed directly to your home or club as you choose. All responses need your name, address and other contact information, a description of your program and a statement of the results of your program.

The Contest Deadline for responses submitted to: **Norm@clubinsideronline.com** is December 7, 2008. All winning responses will be published (with names and photos) in our December, **"2008 In Review" Special Edition** and will also be published on our websites, **www.clubinsideronline.com** and **www.americanhealthclubs.org** to help clubs everywhere.

# Minton's Sportsplex Best of the Best In Childcare

By: Norm Cates

Mike Minton's Sportsplex in Texarkana, Texas was honored in Chicago at Club Industry with Fitness Business Pro Magazine's Best of the Best Award for Childcare Services. The honor was presented on October 17th.

Additionally, the Wyckoff Family YMCA in Wyckoff, N.J. won for Best Behavior Modification; Big Vanilla Athletic Club in Arnold, MD won for Best Member Integration; and Bodyworks Family Sports Centers in Lubbock, Texas won for Best Community-based/Non-member Programming for the second year in a row. All four honorees are the Best of the Best in these respective categories and CLUB INSIDER congratulates them.

Minton's Sportsplex is a multi-purpose indoor/outdoor facility that has grown and grown over the past 10 years. In 2007, Minton's Sportsplex was honored when it was named by Four States Living Magazine as the "Best Exercise Facility" for the third

straight year!

Mike Minton has followed the lead of health and fitness club industry legends, Red Lerille, the owner of Red Lerille's Health and Fitness Club in Lafayette, Louisiana, and Joe Cirulli's Gainesville Health and Fitness Center in Gainesville, Florida, as he's repeatedly invested significant capital to grow and improve his club amenities and services for his members. In his own right, Mike Minton is rising to legendary status in our industry.

In addition to his world class childcare services, generating almost a half-million dollars a year, Minton's club offers kids sports, aquatic programs, equipment and services, personal training, group exercise programs, and a special birthday party program. Minton's Sportsplex has an amazing outdoor pool/patio environment called the Oasis that makes you truly feel like you are in Hawaii. His facility offers the city of Texarkana, Texas its largest cardiovascular training facility. Additionally, the Sportsplex

offers advanced arthritis & aquatic programs.

Among Minton's achievements is the Carol M. White Physical Education Grant that commenced this past August for the 2007/2008 school year, and they are now providing physical education and fitness activities to Arkansas School Districts. Activities include on-site (at schools) inline hockey instruction, Dance Revolution competitions and other activities. At the Sportsplex, they also provide swim lessons, field trips and class events. This is year one of the three-year grant, and feedback from the students, parents, teachers and administrators has been tremendous.

Additionally, Minton broke ground 7 weeks ago on a \$7 million expansion to his preschool, taking it to 16,000 square feet! Minton's Team of Amy Cornish, Youth Director, and Colby Vantassel, Fitness Director, have been instrumental in all of Minton Sportsplex' achievements, and right fully so, traveled to Chicago to be

honored with him. See photos on cover and this page.

Mike Minton is a savvy PR man whose club has been noticed and honored locally and nationally because of its excellence and his communication skills. Press features that have covered his club include:

- 2001 CLUB INSIDER Cover Story
- 2002 US Small Business Administration Small Business of the Year Award
- 2004 Club Business International Magazine Feature Article
- 2005 Texas Association of Partners in Education Outstanding Partnership Award
- 2005 Four States Living Magazine Award for Best Exercise Facility and Best child friendly employer
- 2006 Four States Living Magazine award for Best Exercise Facility and Best child friendly employer
- 2006 Time Magazine feature with Former Arkansas Governor, Mike Huckabee
- 2007 Four States Living Magazine Award for Best Exercise Facility



(L to R) Mike Minton, Amy Cornish & Colby Vantassel

- 2007 Texarkana, AR School District Partner in Education/Carol M. White Physical Education Grant Recipient

Mike Minton is one of America's leading club operators. In fact, prior to a couple of years ago he had seen all, 100%, of his local club competition disappear. Moreover, his branding of Minton's Sportsplex has kept his position solid, as in the past three years, a couple of new competitors have arrived.



The **power of teaching** is particularly relevant  
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## ***We Can Help***

*Another year is soon drawing to a close and many club operators are, rightfully, concerned about the struggling economy and how it will impact their business in the coming year. Those that choose to disregard these changing circumstances will do so at their peril.*

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## ...Summit Staff

continued from page 3

to enable your key staff members to attend, learn and expand your club's horizons by attending conferences and trade shows. It was a pleasure to meet and chat with these ladies from McAllen, Texas a border town of about 750,000 in South Texas.

### Comments by Angie Garza

The Summit Sports Club (SSC), located in Deep South Texas, is celebrating its 20th anniversary! The SSC is 100,000 square feet of fun and fitness and accommodates all ages. From gymnastics to swimming, tennis to racquetball, and group fitness to the fitness center, there is always an activity happening to suit your needs! Because we believe in this industry, we have always participated in community events like the HEB Annual Thanksgiving Feast, American Diabetes, our local Fiesta Marathon, and our latest merge with the NBA Developmental Viper team! The Summit Sports Club continues to encourage and promote the importance of changing your daily lifestyle to include health & fitness!

My name is Angie Garza, and I have been with the Summit Sports Club for 15 years. My group fitness staff and I have attended many Fitness Conferences like Dallas Mania, ECA Florida, ECA New York, Les Mills Quarterly and all of these have kept us informed with the latest breaking news in group fitness. But, I knew I had to find a way to get my management team to learn more about the management

side of this industry. So, when I learned of Club Industry, I had always wanted to attend, but for some reason or another, we were unable. This year, I stressed to our CEO, Victor Hugo Sanchez, that our management team needed to learn more about what is out there. I have a passion for this industry and my goals were: 1) for my team to know, feel and understand the importance of what our club does every day for our members, and 2) to understand corporate fitness.

Club Industry 2008 fulfilled my goals! My team came back energized and ready to take on new challenges, create new programs, and improve our memberships and customer service. Rich Siegenthaler, who lectured on Building Comprehensive Wellness Programs from the Ground Up, was motivational, inspiring and gave me the legwork to get this program off the ground. I knew this conference had some of the most experienced lecturers in the industry, and that is why I chose this conference to get my team going. I encourage all fitness clubs, small and large, to create an educational budget and make it a point to attend a Club Industry Conference! Here is what my team had to say...

### Comments by Anna Garza

My name is Anna Garza, and my major role at the Summit Sports Club is Administrative Assistant. I am also a Body Pump instructor and am pursuing a degree in dietetics, which is the reason for the particular sessions I chose. The sessions I attended were those dealing with health and wellness, nutrition and weight

loss programs. As this is the first Club Industry Conference I've been to, I wasn't sure what to expect. The presenters offered not only their knowledge, but helped me refocus on what needs to be done to be successful. Casey Conrad was a presenter for at least two of the sessions I attended. Her enthusiasm and bluntness kept my attention, while providing a great deal of information. Currently, the Summit Sports Club does not offer a weight loss program, but with all that I've learned from those sessions, I hope to start up a program at our club by the beginning of the year. Club Industry was a great experience for me.

### Comments by Maggie Garza

My name is Maggie Garza, Accounting Manager, and I have been with the Summit Sports Club for 5 years. We are currently using the Aphelion V4 CheckFree System to run our facility. When I was asked to attend the Club Industry Conference, I was excited to know that I would be interacting with other management employees and club owners. After attending my first class, which was presented by Michael Scott Scudder, my mind was completely shifted from seeing just the business side of things to understanding our members' needs. When I am inside an office looking at numbers all day long, I kind of forget the reason why our members attend our club in the first place. They want to be fit, and they want to be healthy. Michael Scott Scudder taught me that we all have a part in it. He was one of the best presenters I had, as he was very inspiring. I believe



(L to R) Sally Delgado, Maggie Garza, Norm Cates, Anne Garza and Angie Garza

that every person in this industry should attend the Club Industry Conference. There is so much that everyone could learn, even if you have been in the business for 20 years. I enjoyed every part of the Club Industry Conference; it was such a motivational and learning experience for me.

### Comments by Sally Delgado

My name is Sally Delgado, and I am the Customer Service and Front Desk Supervisor; therefore, the courses that I attended were focused on Customer Service and Retention. Some important points that I brought with me and that I am willing to implement at the Summit Sports Club are:

1. Plan for an entire year. From pricing promotions to club events and advertising concepts, we need to have a clear plan for each month of the calendar year.
2. The key to customer satisfaction, referrals and retention is the after-sales-service. Future sales are determined by how well you treat your members during their membership.

3. Member retention is directly related to member satisfaction.

As supervisors, we need to compare actual year numbers with what we achieved in previous years, and not just sales numbers. We can measure club remodeling, new classes, shows and parties for members, etc. Surprise members by consistently exceeding their expectations and requirements. As a Supervisor, I need to create a team spirit among my staff. I want my subordinates to enjoy what they are doing in order to reflect it to the members. Now, two weeks after Club Industry 2008, I can tell all I learned is working. We have been implementing new ideas that will drive the Summit Sports Club to succeed. We know it's a long way, but setting goals and taking care of our customers and staff will take us to new heights. My experience at the Club Industry 2008 motivated me to keep doing my work, but now I know how to do it better and how to enforce what we have been trying to do for years. I encourage anybody in this industry to go!

## Telos Fitness Center Wins "Business of the Year"!

TELOS Fitness Center won the honor of "Business of the Year" on October 16th, establishing the TELOS Fitness Center as the most distinguished business in North Dallas. The "Business of the Year" Award, presented by the Chamber of Commerce and sponsored by Compass Bank and the Dallas Business Journal, is given each year to a business that offers high-quality products or services, demonstrates strong ethical standards, exhibits leadership with its employees, clients, and within its industry and is active in the community. Brent Darden and Everett Aaberg, co-owners of TELOS, attribute this wonderful honor to their outstanding team of employees. "We're fortunate to have the opportunity and good fortune of working with some of the top health professionals in our business. The collective talent and passion of our team is something special that resonates with our community and has helped build a unique culture for ourselves and our customers."

Objective, third party, groups have taken an extremely "in depth" look at how

TELOS does business including the review of: financial performance, quality of services, employee initiatives and training, customer satisfaction, community service, industry leadership and overall philosophy. During the award presentation, the emcee remarked "TELOS is a well run business made up of happy and loyal employees who provide top-notch service to their clients. Working as a team, everyone walks the talk of their mission and has a vision to grow the company."

TELOS (Greek for "completion" or "fulfillment") Fitness Center's award-winning formula for success is built upon a unique integration of exercise, nutrition and therapy; expert professional trainers that propel industry standards; and a culture of luxury and service. A litany of other awards, including the Greater Dallas Business Ethics Award, has recognized the distinctive TELOS experience. Located in Dallas, Texas, TELOS offers state-of-the-art strength and cardiovascular training, Power Pilates, Yoga, group exercise,

## Breaking News! American Family Fitness Wins!

Richmond, VA. November 5, 2008 - The Greater Richmond Chamber announced the winner among the five finalists for its 21st Annual IMPACT award on November 5, 2008, and it was American Family Fitness. AFF leader, Brian Evans, has made community involvement a center piece of his business plan. The five 2008 finalists were:

- American Family Fitness
- CRT/tanaka
- CXI
- Home Care Delivered, Inc.
- Madison + Main

The winner was announced at the Chamber's Annual Celebration on November

5, 2008 at the Greater Richmond Convention Center.

The IMPACT Award recognizes local for profit businesses that have:

- Responded to adversity and won
- Contributed to the Greater Richmond community
- Offered a quality work environment for their employees
- Grown their business in both gross sales and number of employees
- Demonstrated innovation in business practices, new products, services and ideas.

CLUB INSIDER congratulates Brian Evans and his entire American Family Fitness Team!

aquatics, nutritional counseling, spa services, clinical techniques/therapies and more to the discriminating consumer. TELOS Fitness Center, which recently celebrated its five year anniversary, is proud to be locally owned and

operated.

To learn more about TELOS Fitness Center, visit [www.telosfitnesscenter.com](http://www.telosfitnesscenter.com).





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# Apex Fitness Surges In Chicago!

By: Norm Cates

If you tried to get into the Apex Fitness exhibit at Club Industry in Chicago last month and found it over flowing over into the isles, you were not alone. There is a reason that exhibit was one of the top performers at the 2008 show, and that reason is named Steve Datte. Carl Liebert, CEO of 24 Hour Fitness, is a wise man. He knew that Apex Fitness, featuring bodybugg, acquired by 24 Hour Fitness a few years ago, was languishing. But, it was an important asset that he wanted to have performing much better. So, what did Liebert do? He looked at his top 24 Hour Fitness performers for a leader. That leader is Steve Datte, and Steve now has Apex Fitness and bodybugg cooking!

Why is this one of the subjects of our special coverage of Club Industry's 25th Trade Show? Because Apex Fitness and the bodybugg system represent a link, a connection to potentially millions of Americans who share one thing in common; that is, they do not do business with our industry at all. They are a

huge group... much larger than the sum total who voted for both the winner, now President-elect Barack Obama, and runner-up, John McCain in this year's Presidential Election. The number of Americans that do not do business with our industry is nothing short of staggering... some 260 million people. 41.5 million people are members of commercial clubs.

So, what are the greatest challenges facing our industry? In my view, the answers are: 1) Trust... Millions of American consumers do not TRUST our industry as qualified to help them achieve their goals with their body, nor do they TRUST our industry's history. They think all clubs today operate like they have in the past. They are wrong. 2) Fear... Another one of the greatest challenges to getting new member prospects is their fear of failure if they even try or the fear of failing again because they have tried and tried over and over again to make a lifestyle change and have failed. And, 3) Intimidation... Our industry, during its young, approximately 60-year life, has very successfully painted a "brand

image" into the minds of millions and millions of Americans. That branded image? *Meatheaded, muscle-bound free weight pushers and hot bodied chicks.* Like it or not, that is our brand image in the minds of millions of Americans. That's what the American consumer thinks of when he hears the words health or fitness club. And, because they fear being intimidated by the muscle bound guys or the ultra hot chicks they have seen forever in health and fitness club ads, that's what they think they will encounter in today's 21st century health club if they get up enough nerve to go to a club. So, they don't go. They exercise elsewhere, or they don't exercise at all. All 260 million of them!

But, you may ask, Norm, how can Apex Fitness and the bodybugg system be of help? Let me tell you why. That is because bodybugg is one excellent answer for my "Question of the Century" for our industry (See Page #20). That question is:

"What is your club doing to reach out to non-members of America to build relationships with them before they ever even come to your club."



Apex Fitness Exhibit Overflowing at Club Industry Show

For clubs using the bodybugg system, this question is answered simply: "Phone coaching." The following article, written by Apex Fitness luminary, Dr. Ed Slover, explains just how "Phone Coaching" is such a terrific tool for early relationship building with consumers. For the past few months, I have witnessed the power of "Phone Coaching" by the Apex team first hand. Here in Atlanta, my son, Justin Cates, has been utilizing the bodybugg system and has

been coached on the telephone by the young lady I now call "Coach Kim", actually Mrs. Ed Slover. So, Kim's husband, Dr. Ed Slover and Steve Datte, thanks to Carl Liebert, provide the following article for you to digest and consider. The bodybugg system is one of the best single tools in this industry to begin to really grow our nationwide membership sales with new prospects out of the 86% of the U.S. population that do not currently do business with our industry.

## Breaking Down the Gym Walls Through Phone Coaching

By: Dr. Edward M. Slover

As an industry, we have always known that our ability to impact people's lives rested on their willingness to enter our facility. We also know that, unfortunately, only 14% of the U.S. adult population works out in our clubs. Thus, we compete for the same customers and run our businesses the same way year after year expecting a different result. This sounds distinctly like the definition of *insanity* --doing the same thing over and over expecting a different outcome. So what is the answer? Break down the barriers that are limiting your success!

The critical success factor related to identifying new business opportunities is to not limit your thinking. Every encounter with people, everything you read, and every idea that appears nonsensical provides you with information that can transform the way in which you conduct business. For example, when Apex Fitness launched the

bodybugg® Calorie Management System, we identified a need in the weight control market related to how health clubs can deliver personalized weight management and nutrition coaching through phone coaching. In many of our licensees, this has transformed their service offering to reach individuals that might never have set foot in their facility. It also provided a credible source for incremental revenue generation. This approach to engaging customers helps get them going toward the achievement of their fitness goal while limiting the barriers and reducing the concerns many prospective members have about the health club setting. The beauty of this approach is that it can lead back to the business' core: **Membership Sales!**

Once you have identified the various ways to connect with your community, you need to develop a plan. As a business owner/manager, you know how difficult it is to develop, implement, and execute a new initiative due to the number of hats you

wear on a daily basis. But, in order to cultivate new business segments, devoting time and appropriate resources is critical. Among other things, supporting a new initiative, such as phone coaching, requires the design of the program offering, how it will be structured, and who will administer the phone coaching sessions. Very often, the planning phase for a phone coaching model proves easier than expected, as you already have competent, proficient staff on hand to help lead the charge. Take caution, however, that you incorporate best practice strategies utilized by organizations that are successful with this approach, such as lowering barriers to entry, utilizing a web-based program, and diversifying your ongoing service offerings to meet the needs and exceed the expectations of your clients.

Additionally, you will need to create a "call to action" to attract prospective clients. First, pricing the program should be simple and straightforward... and

not a barrier in and of itself. The critical thing that companies like Weight Watchers®, NutriSystem®, and Jenny Craig® understand is that revenue generation occurs incrementally... and only after the client is involved with the program. This is not to suggest that you should price your program at \$7 per week, but the program should be designed to minimize the up front cost in order to generate residual revenue through additional phone coaching sessions, nutritional product sales, and ultimately, membership and on-site personal training sales within the club.

Methods of advertising, such as direct mail and web marketing on your business' website and others in your community (you can partner with them on this), provide a good starting point, but do not forget the "viral marketing" component of the referral system. Many of your members have friends that are apprehensive about visiting your facility, but they may be interested in a non-obtrusive



Dr. Edward M. Slover

program offered by phone. Your members should benefit as well by receiving incentives to help drive new business. Remember, your members have already "bought in" to you and your business, and 60-80% of your new business will come from referrals. Do not hesitate to ask them to help take your business, their club to the next level by directing their friends to a service offering that will benefit them tremendously.

With 89% of economists believing we are in a recession, you must strive to think differently (See *Phone Coaching* Page 38)



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# A "Creepy" Business

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

Recently, an Owner/Manager sent me a "distress call" email asking me to give her a call. While I was talking to her on the phone, it became apparent that her problem was a serious one that has an easy fix, but is time consuming to diagnose the specific actions to take. She had "cost creep", and it was seriously eating into her bottom line.

In this era of the health club industry, margins have thinned out a bit. The smart club owners are trying their best to retain members after attending seminars touting the benefits of member retention programs. These seminars, in my opinion, are completely on the right track, but what many owners and managers miss is the concept that the cost of packing more into a membership has to be proportional to the revenue generated from a membership. In their haste, many owners and managers launch member retention programs, add more services to their clubs and pack more value into their basic membership offerings without closely analyzing what effect it will have on the bottom line. This can be a fatal error when combined with other factors that affect "cost creep". The economy, the credit crunch, and the constant, gradual increase in operating expenses all add to the problem. So, pay attention, and walk away with some good plans for combatting this creepy business problem.

## What Exactly is "Cost Creep"?

"Cost creep" is a gradual increase of doing business resulting from adding services, providing give-aways, revising a service process, fluctuating market conditions, the natural effect of inflation and the general lack of attention paid to the finer points of managing operations. In essence, it is the near invisible increase in cost that, left uncorrected, will be the downfall of any club, no matter how wonderful members say the club is. "Cost creep" remains tucked into costs in a variety of ways. It could be the gradual increase in supplies. It could be the change in a variable interest rate on a line of credit. It could be changes in the cost of insurance.

It could be any number of things, but the common denominator is that it imperceptibly affects your bottom line. You just can't let it happen and still stay in business.

So what do you do? Well, let's go back to the Owner/Manager who contacted me. I told her she needed to do a few things that meant some late nights for a week or two. I told her she needed to round up as many of her past monthly bills as she could. This included everything from electric bills to supply orders. I then told her she needed to create a spreadsheet that consolidated her bills into a table. Some clubs use accounting software that can produce reports with the needed information, but she didn't, so she needed to create the reports herself. *You see, the biggest problem with "cost creep" is that you don't notice it on a monthly bill.* It's too gradual to really see it. You have to take those bills and break them out, by unit cost, so that you can definitively see what's going on. It took her a week, but when she came back to me she said, "I see what you're saying, but the effect isn't as big as the slide in my bottom line. So, what's going on?" I told her she had only looked at one side of the issue, now came the tougher part. I told her she had to assess all aspects of her operation to look for changes that were causing increased waste, from doors that were leaking cold air outside into the parking lot to Sales Associates milking the clock. A day later she called me and said, "I haven't even scratched the surface of the list you gave me, and I can already see what's happening. Holy-you-know-what!"

And that, my dear colleagues, is "cost creep".

## How To Combat "Cost Creep"

Just like the illustration I



mentioned, the process of combating "cost creep" isn't complicated, it's just time consuming and requires a system that keeps you consistent with monitoring those factors that most affect your club. The process is pretty simple. You first need to divide your costs into two categories; external and internal. External costs are those outside the actual procedures you design for your club. The top three for most clubs are utilities, supplies and cost of goods. Internal costs are those related to the operation of running the club. For the most part, these costs are related to your people in some way or another. The top three for many clubs are poor employee productivity, poor process/procedural design and supply waste.

Once you have devised a table for recording external and internal costs, you now have to assemble subcategories for ease of analyzing. The best way to do this is to break them down by department that the cost would be charged to on your annual budget. For example, if paper towels are ordered on a budget line under the heading of "Facilities Department", then put that cost there, not in the "Fitness Department". In some cases, you'll have a particular cost that appears in all the departments, like poor employee productivity, despite differences in the measurement of productivity used in each department. So, put it down in every department. You won't know if there's a problem unless you examine it.

Remember, there's no right or wrong way to construct the table. You just have to construct it in a way that changes in costs can be examined. However, for your table to truly allow you to identify a problem, you

must be able to break the costs down into their respective "unit costs" so you can compare their increases accurately month-to-month, quarter-to-quarter, and year-to-year. This is the only way to control the issue and prevent a crisis. I wish there was a better way, but there isn't.

So, there are the basics. The following sections break "cost creep" into external and internal costs with examples of each. Read through the examples. They probably apply to your club. Then, go back and examine those factors that may be creeping up on you. It's a good bet that there are other costs that are about to give you the "creeps".

## External "Cost Creep"

As was described above, external factors are those that don't originate from something you or your facility is doing. Utilities, supplies and cost of goods are the three biggest for clubs. Here's how they could be effecting you.

**1. Utilities:** Let's take electricity. For deregulated states, the kilowatt rate can vary from month to month depending on the season and whether your utility plan is fixed for a period. Typically, electric companies will marginally increase the per kilowatt rate during the winter months versus the same winter month the previous year. They do this because when usage is low, as it is in winter months, the total dollar amount of the monthly bill is lower and the customer typically won't notice. Then, when usage ratchets back up as the weather warms up, bam... your bill just jumped substantially. To combat this, compare the kilowatt rate versus the previous month AND versus the same month the previous year



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

to determine if there's a problem. Adjustments can be made to operations to accommodate rates you can't change; but, if you're in a deregulated state and you're not locked into a contract, tell them you're headed to another electric company unless they work with you. A half-cent drop in your kilowatt rate could end up saving you several hundred, maybe even a thousand, dollars per month. If you're a really big club, you could be saving \$2,500 to \$3,000 per month. That's a lot of money at the end of the year. Do the math. Check your normal monthly kilowatt usage and calculate what a half-cent per kilowatt drop would do to your monthly bill, then tell me if it's not worth your time to pay attention to.

**2. Supplies:** Here's yet another factor that usually goes unnoticed. Let's look at toilet paper on this one because every club I know of has to supply it in some amount. Toilet paper is cheap, but because you can end up using this supply in such great amounts, the volume purchased can be the killer. It's the volume that multiplies any minute increases placed on the supply. For example, let's say you buy toilet paper by the case of 24 every 2 weeks at \$25 per case. If your supplier inches up the price per case by a mere 5% quarterly, that case price in 1 year will be \$30.38 and your out-of-pocket expense for toilet paper just went up \$140. But, you didn't notice it because the case price each quarter only went up by about \$1.25 to \$1.50, and who is really going to notice that, much less care about it? Now, imagine this same thing happening to all your

(See Jeffrey Keller Page 28)





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A club in Canada reports – "Fitness Managers are averaging PT packages of \$3,500-\$6,000 per PT deal."

A club in IL reports – "The VFP helped build our monthly PT drafts from \$0 per month to over \$40,000 per month in our 15,000 sq. ft. facility."



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# A World of Opportunity Awaits

## IHRSA Announces Programming for 28th Annual Convention & Trade Show

**BOSTON, MA - October 20, 2008** - The International Health, Racquet & Sportsclub Association (IHRSA) has announced the keynote and featured speaker lineup for its 28th Annual Convention & Trade Show, which will take place March 16-19th, 2009 at the Moscone Center in San Francisco, California.

"On behalf of IHRSA, I am extremely pleased to welcome such renowned professionals and accomplished athletes to our convention this year," said Joe Moore, IHRSA's President and CEO. "In an increasingly competitive environment, it is essential to continue learning and gaining insight from those who have achieved success at high levels and have remained

at the top of their respective professions," said Moore.

The 2009 educational programming features over 100 speakers and presenters, bringing a wealth of motivation and information applicable to all industry businesses and practices. IHRSA 2009 is headlined this year by keynote presentations from best-selling authors Marcus Buckingham and Seth Godin.

Buckingham, an international best-selling author, independent consultant, and speaker, will present "Go Put Your Strengths to Work" sponsored by Precor Incorporated on Tuesday, March 17th from 8:30am-10:00am. Godin, accomplished author of several marketing books and his most recent, "Meatball Sundae",

will deliver a presentation "Invisible or Remarkable?" sponsored by Technogym SpA on Wednesday, March 18, from 9:00am-10:30am.

This year's distinguished speaker lineup includes a "State-of-the-Industry" address by IHRSA President and CEO Joe Moore; presentations from Life Fitness pioneer and industry legend Augie Nieto; NFL legend Joe Montana, sponsored by Matrix Fitness Systems, and 12-time Olympic medalist Dara Torres, sponsored by SPRI.

The annual IHRSA International Convention & Trade Show, now in its 28th year, is one of the world's largest industry trade events offering commercial health and fitness club operators

both extensive education and an expansive exercise equipment and support services exhibition. Held in March, the event attracts more than 12,000 fitness industry professionals from around the world and over 400 exhibiting companies. With the theme, "A World of Opportunity", IHRSA 2009 will bring fitness professionals and industry suppliers together to develop strategies to maximize the global growth of the fitness industry.

Additional information about IHRSA's 28th Annual International Convention & Trade Show can be found at [www.ihrsa.org/meetings](http://www.ihrsa.org/meetings) or by contacting IHRSA by phone: **617-951-0055**.

The International Health, Racquet & Sportsclub Association (IHRSA) is a not-for-profit trade association representing health and fitness facilities, gyms, spas, sports clubs, and suppliers with over 9,400 member clubs worldwide.



### ...Jeffrey Keller

continued from page 26

supplies... your paper towels, your light bulbs, your floor and window cleaners and the list goes on. You could be headed for a \$5,000 to \$10,000 drain and not even know it.

**3. Cost of Goods:** This is one that is external but could be considered internal. The reason is that the one doing the retail pricing at your club, usually you, can simply fix this problem by adjusting pricing any time inventory comes in with a price hike. The problem is most owners and managers pass off inventory receiving to someone who is minimum wage and just opens the boxes, counts what's there and puts it up on the shelf. They then tell whomever they're supposed to tell that the shipment was all there. Receipt of goods usually ends there. No one ever follows up to look at the shipping invoice and compare it to the billing invoice to determine whether unit prices went up on items, because if prices did change, then the retail price needs to change such that margins are maintained. This simple check has to be done *every time* a shipment comes in. If you don't do it, you could be throwing away tons of money, all for the simple reason that you didn't take the time to look at the invoice closely.

#### Internal "cost creep"

Internal "cost creep"

comes from actions by your club. Whether it's a poorly designed organizational structure or poor productivity of your employees, it's related to what your club is doing. The top three internal factors for most clubs are poor employee productivity, poor service design and supply waste. Here's how these could be affecting you.

**1. Poor Employee Productivity:** We've all seen this. Our employees standing around chatting with each other when there's stuff to do. But, what can hurt you as much as laziness is poor time clock management, and that's a completely manageable problem. For example, let's say you have 20 hourly employees that you pay \$8.00 per hour. Let's say each of those 20 employees clocks in 15 minutes early on 1 day each week. That amounts to an extra \$40 per week in wages, but when you multiply it out over the year, that's \$2,080 extra wages annually. And that's only 1 time per week per employee! With part-time employees who aren't accumulating overtime, which is the big red flag that warns us, it's easy to not see these extra little minutes adding up. Don't let this happen to you. Oh, and in case you're wondering, a human resources consultant friend told me that on average, 1/3 of employees will clock in early or out late if they're not policed. So, imagine 7 of those 20 employees doing this every day. For a 5-day work week, that's

now a total of \$96 per week or almost \$5,000 annually! Add on payroll taxes (not including state income tax) and you're looking at around \$5,750. Poor time clock management can make a really big dent in your bottom line.

**2. Poor Service Design:** This is a very difficult problem to diagnose, but depending on the service, it can be a very costly one. For example, let's say you design a member retention program that includes 3 personal training sessions for every new member to get them started. Let's also say you give one of your trainers an increase in hourly wage after you've calculated the cost and launched the member retention program. You've now taken an inadvertent bite out of your bottom line. How much? Let's create an example. Suppose your sales staff sells 50 new memberships per month. Let's also suppose you have 10 personal trainers who each do an equal share of the training sessions for the retention program. That means that each trainer is doing 15 training sessions per month. If you gave that 1 personal trainer a \$1.00 per hour raise, your retention program is now costing you \$15 per month more than you intended. That's \$180 annually. Not a lot, I know, but as with all "cost creep", it's about the total amount on the bottom line. If this same problem is multiplied by all the services this personal trainer is involved in, then you have a problem. You have to think ahead when you design programs and

when you give raises. It's great to reward your employees, but know how it's going to affect you before you do it.

**3. Supply Waste:** Oh how people waste things! And your employees, believe it or not, are the biggest wasters of all. From window cleaner to paper towels, your employees are very able to accomplish tasks with less. For example, here's a hidden one that many managers don't even realize. How many employees, rather than printing something on a laser printer and then making extra copies, just print the extra copies on the laser printer? Did you know that the cost of printing 1 page on a laser printer is approximately \$0.115, whereas the cost of a photocopy (on your own photocopier) is approximately \$0.025? That's a difference of about \$0.09 per page. Yes, this doesn't seem like a lot, but if you do any moderate amount of printing, this can really add up. Let's say your employees print 500 pages per month. For a staff of 20, that's printing 25 pages per month per person (less than a page a day), which frankly, is nothing. The total difference in cost is \$45. If you annualize it, that's \$540. Pretty amazing, huh? Now, can you imagine what other hidden wastes are going on in your club? Add them all up, and you will probably have a pretty sizable number.

well as small ones, but it is not an unmanageable one. The simple fact is there has to be control, and if left unchecked, nothing about your club will stay in control. So, development of a means for monitoring and controlling costs will save your club money. Your bottom line will thank you for it.

And, by the way, that Owner/Manager who contacted me... she ended up finding almost \$42,000 a year in costs that she could reverse to her benefit.

#### Now That's Creepy!

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



"Cost creep" is a problem for big businesses, as



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- **The Consultants' Connection** – One-on-one sessions with industry experts
- **Speak to the Speaker** – An online blog with guest speakers before the Convention begins
- **Session "Town Meetings"** – After each educational session, enjoy an expanded question and answer period
- **Expanded Workshops & Case Studies** – More time means more in-depth discussion
- **"First-Timers" Welcome Reception** – Meet the IHRSA Staff, Board & new friends
- **The Club Developer's Program** – The "how-to guide" to get started in the fitness business
- **The "IHRSA Top 10"** – Ten actionable tips and ideas from each guest speaker following the convention



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# Ripple Effects

## How The Financial Crisis Will Impact Your Health Club Operations

By: Pete Moore

In late September, 2008, Washington Mutual Inc., the sixth largest bank in the U.S. was seized by federal regulators and the bulk of its operations were sold to J.P. Morgan Chase & Co. In October, Congress approved a \$700 billion plus bailout package to buy bad mortgages, auto loans and credit card receivables. Why? Because no other investor will touch these assets. The U.S. Government is also now a shareholder in many of the largest banking institutions in the country.

This financial meltdown will cause ripple effects throughout the economy and affect your health club operations in multiple ways --lower membership sales, more credit card defaults, less ancillary revenue, and potentially, an inability to access debt and growth capital. However, as in any financial crisis, there are opportunities.

The following is designed to give you **Ten Action Steps** to put you in a position to capitalize on the opportunities that will come to your attention during the next 24 months. Although there will be short-term pain for most club operators, there are long-term strategic benefits hidden in this mess.

**1. Focus on club-level unit economics and empower your general managers.** If you do not already have Monday morning meetings, now is the time to institute them. Not only should you be reviewing weekly sales reports but you should also be giving managers the full club income statement (profit & loss statement). GMs need to be responsible for every cost center within the four walls of their club, not just membership roll-forward reports. GMs should be challenged to find ways to save money (like minimizing utilities, maintenance savings, reallocating groupX classes, etc).

**2. Do NOT cut advertising expenditures!** In economic downturns, a lot of businesses make the mistake of cutting advertising and promotions. *This is actually the*

*time to increase your ad spend* if you can pinpoint high ROI advertising opportunities such as billboards, radio and web leads. The 'knee jerk' reaction to cut advertising typically results in lower sales, which will destroy your sales and marketing machine. Try to push your advertising partners for more return on your ad dollars. While others make the mistake of cutting back, there will be more ad coverage for you.

**3. Focus on Renewals.** There is typically an article a month in **CLUB INSIDER** regarding retention being 7x more cost effective than bringing in new prospects. Reread those articles, and take action by compensating your sales people for renewals. Now is the time to make this a top priority.

**4. Embrace your member referral program.** Again, we all talk about this, but let's put more emphasis on marketing this program aggressively over the next six months and offer meaningful prizes and incentives to participate. Rereading Will Phillips' article in the August and September, 2008 issues of **CLUB INSIDER** will give you all the ammunition you need to be successful. Go to **CLUB INSIDER's** sister website, dedicated to helping clubs generate new membership leads and sales, [www.americanhealthclubs.org](http://www.americanhealthclubs.org) and you will find Parts I and II of Will Phillips' new lead generating article (To download, please enter contact information).

**5. Meet with your local banker or lender EVERY month for the next 12 months.** Invite your account executive to lunch at the beginning of each month starting now. You have no idea what the

true financial position is of your local bank but you need to know for a number of reasons: (a) they are managing your cash (b) they extended you a loan or (c) they are considering extending you a loan for your next club or remodeling or equipment acquisition. Your banker will give you the straight scoop (because he wants your business at his/her next job if his current employer implodes). You'll learn whether the bank has liquidity and will continue to be your lender of choice or whether they are desperately trying to sell their entire loan portfolio. This insight will allow you to better understand whether you need to find a new financing source and/or move your cash management to a larger institution. You never want to read about this in the local paper when it is too late to act.

**6. Negotiate hard on new leases.** The commercial real estate market is "the next shoe to drop." Over the next 6-12 months, landlords are going to try to maintain lease rates on "A" locations. However, a lot of major retailers are going out of business (Note: in bankruptcy protection, companies can break lease contracts), and you can be the beneficiary of "A" space at "B" or "C" lease rates. Stay close to real estate brokers to determine what deals are about to "bust" in your core market. A landlord cannot afford to have a 40,000 square-foot vacant space in a new lifestyle center, and they will bend to your demands if you are well-capitalized and can move quickly. The goal is to lock in below market rents for the next 15-20 years. This will put you in

a position to make a lot of money when the market recovers.

**7. Focus on your core market and track your competitors.** I have seen too many operators move outside their comfort zone. Don't make that mistake. If your market (and management team) can handle ten clubs, don't move on to new cities that are unfamiliar to you. Local knowledge and core marketing prevail if you are prudent. Now is the time to track and reach out to your weak competitors. They most likely cobbled together the capital to build their club through a combination of debt, home equity loans and friends/family. As they feel the pinch, now is the time to give them the option to sell their club or membership base to you and exit the business "gracefully".

**8. Seek an equity partner if you believe now is the time to build multiple clubs at the same time.** "When there is blood on the streets, buy property" is a famous quote from the movie, *A Bronx Tale*. When the real estate market is depressed, it is much easier to push landlords for low rent deals. In order to do this, you may need an institutional investor as your partner to illustrate a strong balance sheet. If you believe this is an option your management team can handle, find a local advisor to assist you in putting together the necessary materials and navigate these discussions.

**9. Don't use debt financing to fuel growth.** As you have seen over the past 12 months, the use of leverage can destroy businesses. What you need to do now is determine how to become as close to debt-free as possible.



Pete Moore

Once you have 10 clubs or more, you can look for debt at reasonable interest rates, but for now, that market is pretty much closed for most small businesses.

**10. Workout daily and get some rest.** I am a banker and not a doctor, but your appearance and demeanor are essential in uncertain times --capital and good people gravitate to and embrace strong leadership, especially in uncertain times. If you are the typical health club operator, you burn the candle at both ends and don't find enough time for sleep or working out. You are probably busy putting out fires and traveling between your clubs. In order to attract equity capital and plot out your five-year plan, *you need to look (and be) healthy, confident, rested and patient.* A potential investor will embrace you if they believe you can execute through troubled waters and methodically build your club chain. If you strategically navigate the coming storm by focusing on club-level execution and prudent and opportunistic growth, you will be poised for big profits when the sun rises again.

(Pete Moore is a Principal at Sagent Advisors Inc., [www.sagentadvisors.com](http://www.sagentadvisors.com), a New York-based investment banking boutique. He is the head of the firm's Active Lifestyle & Wellness Group. Pete is also the co-founder and Non-Executive Chairman of FitnessInsite, [www.fitnessinsite.com](http://www.fitnessinsite.com), the leading web-based sales & marketing company in the fitness industry)







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### revenue

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John McCarthy, former Executive Director of IHRSA

# Expectations Surpassed, Records Broken!

*15,000 Attended The 9th Annual IHRSA/Fitness Brazil Latin American Conference & Trade Show*

**BOSTON, MA - October 14, 2008** - The International Health, Racquet & Sportsclub Association (IHRSA) recently concluded the 9th Annual IHRSA/Fitness Brazil Latin American Conference & Trade Show on September 4-6, 2008 at the Transamerica Expo Center in Sao Paulo, Brazil.

The 9th Annual event hit record numbers with 15,000 attendees and 130 exhibitors, the most in its history. "This year's event surpassed all expectations, with roughly 5,000 more attendees than we originally anticipated," said Jacqueline Antunes, IHRSA International Operations Manager. "The overwhelming participation is a testament to the continued success and growth of the global fitness market, especially in Brazil."

With over 12,000 health clubs, Brazil has the second largest fitness market in the world and a booming economy. "As our keynoter and distinguished economist Delfim Netto stated, 'the Brazilian economy is strong and is well positioned for the future,'" said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "It's clear that the industry's ability to deliver health and wellness to millions of people is helping to fuel the impressive economic growth in the region," he added.

The conference featured presentations by leaders from within and outside the industry, including:

- **Gary Heavin** - Founder and CEO of Curves International
- **Jô Furlan** - Medical doctor and author of the Leadership Development Program
- **Phillip Mills** - Founder of Les Mills International
- **Delfim Netto** - Former Minister of Finance, Agriculture, and Planning; writer for several magazines and newspapers.

Notably, at the conference and trade show, Fitness Brazil and Dreamworks Sports announced the launch of the first major wellness event in Latin America - WellnessRio 2009. Rio de Janeiro will host the event in June, 2009, and it will coincide with the closing ceremonies of the Rio de Janeiro Official Marathon.

Next year will mark the 10th Anniversary of IHRSA/Fitness Brazil. "IHRSA is proud to continuously work together with Fitness Brazil and bring the latest fitness trends, and new products and services to help grow the Latin American market," Joe Moore, President and CEO of

IHRSA stated. He added, "After the success of this year's event, we look forward to next year's

10th anniversary celebration." The 2009 IHRSA/Fitness Brazil will take place October 29-31, 2009 at

the Transamerica Expo Center in Sao Paulo, Brazil. The conference and trade show was sponsored by

Biofenac, Meta Life, Movement, Precor, Reebok, and Integralmedica, Santaconstância, and Gatorade.

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Excerpt from an article  
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# Love Thy Business Partner

*How to Operate a Business Together, Stay Sane, Stay Married and Be Successful!*

By: Andrea Sobotka

Do you and your life partner own and operate a business together or are you considering doing so? If so, you are entering into a very unique business arrangement, where often times, many important business considerations are taken for granted, overlooked or completely omitted because the emphasis and trust is on the relationship first and the business last.

When people find out what my husband and I do for a living, we are often asked "How can you two work together so closely and still look like you are having fun being married?" My husband and I have owned and operated our own businesses together for almost 14 out of the 23 years we've been together, and I'll admit, there is a trick to it... and it took us a while to figure it out. Working together can, and SHOULD, be a very

rewarding experience, and I am here to share some insights and suggestions with you that I have learned through both my own personal experience as well as years of financial and business consulting to "mom and pop"-owned businesses. In reality, this just scratches the surface, but it is an excellent start.

## Put Your Business Hats on FIRST

Okay, so you have decided that it is a great idea to start a business that you will both work at, like opening a fitness club. Maybe, you are both fitness enthusiasts, have some industry experience or are looking for something to invest some time and money into that you might enjoy rolling your sleeves up together and making a go of it. Whatever the reason, pretend you are NOT a couple for a moment, and put your "business caps" on

FIRST. You have decided to be *BUSINESS PARTNERS*... okay, so who's the boss? Ha! Just kidding, well actually, that does come up, but we'll discuss that later.

For any business partnership to work, there are several components that must be addressed. Spending the time doing this will give you a good idea of what the future might hold for this new venture together as Business Partners. Here is a short list of "business advice":

**Chemistry** - As business partners, do your personality styles complement each other? Just like in a marriage, "good chemistry" usually means one person will likely have a personality style that swings one way, and the other will go in a different or even opposing direction, but ultimately, they will balance each other out. For instance, one partner may be a bull-headed driver but very social and outgoing, while the

other may be more analytical and quiet but steady as a rock. If you are both strong driver/social types, be ready to butt heads a lot. If you are both analytical and quiet... chances are you will experience frequently sitting on the fence over decisions and not getting things done. Be realistic, be honest and acknowledge your unique personal styles and learn to respect and leverage each other's natural tendencies. Personality styles aside, what you both MUST have in common is guts, tenacity and very goal-oriented attitudes. You must also be willing to be responsible for your own circumstances.

**Technical Assets** - Why will you make good business partners? In the simplest and best case scenario, one will be an expert in the "product" (like the expert in Fitness, Nutrition, or Programming), while the other is a business major and/or has



**Andrea Sobotka**

extensive experience in general business management, sales and operations. More often than not, though, both partners tend to be weighted on the side of health and fitness experience, and that is okay as long as you look carefully at what each of you has to offer. Take stock of all the experience, aptitudes and knowledge that  
*(See Andrea Sobotka Page 34)*

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## ...Andrea Sobotka

continued from page 33

each of you has combined and determine how much "product knowledge" and "business management" you have covered between you. Do you need to hire help, take some courses or maybe do more research? At the 50,000-foot view, a successful business requires four critical components for success:

1. A good/great product.
2. An active and viable business plan for the daily/weekly/monthly/yearly operations and revenue goals.
3. A solid marketing and sales process in place to constantly promote and sell your wares.
4. The right people on the bus.

Find out between the two of you, who is most suited to handle what area of the business and be **HUMBLE!** *Admit* if you have a hole in the net and then decide what you are going to do about it; take the time to learn more, hire the expertise needed or go back to the drawing board.

**Legal Considerations** - Of course, you need to consult with a business lawyer to get the full spectrum of advice in setting up a business, but at face value, let's discuss some of the obvious things to put on your checklist. What kind of business entity will you be and why? Discuss with your CPA or Lawyer if you should be a Partnership, LLC, S-Corp, Corporation, etc. Do you have a will? If not, have a will done right away. Do you have children and/or dependant parents? Are you a blended family? In ANY case, consider what will happen with the business should one or both of you, Divine forbid, pass away prematurely. Discuss with your lawyer and insurance agent the option of funded buy-sell agreements (either by a sinking fund or insurance policies), legal trusts, key man business insurance and replacement income insurance for your dependants.

**Special Note:** Life insurance is not evil; it can *save* families and businesses from financial ruin if tragedy strikes. Don't expect the banks or the IRS to be very sympathetic in a crisis. Be smart and manage risk appropriately for yourselves and those you are responsible for. When talking to a financial advisor, my adamant advice is to look for a CFP and/or CHFC designation to ensure they have the knowledge to advise you appropriately.

**Capitalization** - What is your financial plan to start this business?

Whose money are you using? Wherever possible, use other people's money (SBAs, Business Loans, Lines of Credit, Investor funds, etc), rather than your own hard cash or savings. Find out what your credit scores are and leverage good credit... but manage it and be careful not to abuse it! Your cash and savings will help you leverage credit, but if possible, try not to secure your business with such vital personal assets like... your home! If you own several properties, that is a different story, but since you will have all your proverbial eggs in one basket, avoid at all costs exposing yourself to ever losing your most precious assets: the roof over your head and emergency funds.

**Exit Plan** - You may both completely agree on the terms and commitments of going *into* business together, but have you discussed your future plans at the *other end of the spectrum*? Is your plan to sell the business for a profit after a certain number of years? Do both of you plan to work in the business until retirement? When is retirement? What will you do upon retirement; sell, pass on to a family member, hire a CEO and keep the business in your wills, or? Do BOTH of you envision working in the business together forever, or does one of you have other plans at some point in the future to do something else with your time? As you can see, there are SOOO many things to think about for the future. Don't let fate decide for you. Have a detailed discussion about your future ideas for the business and how you will each fit into that future picture. Then, include those details in your business plan and legal considerations.

### Now, Back to Being an Entrepreneurial Couple - Happy Ones

Now that you have sorted out the cold hard facts of entering into a business partnership together, let's talk about how to stay sane, stay together and even have some fun! Working together and being in business for yourselves has some huge benefits such as the freedom to choose your own hours (ha!), being there for your family when you need to, spending the greater part of your days doing what you love and more importantly... you are in charge of your own income. But, you are going to be spending WAY more time together than most couples bargained for at the altar, so there are some very important things to consider, and you will both have to try extra hard to behave yourselves, be nice to each other, remember to *LOVE* each other and

always respect each other. So here is the short list of secrets to keeping the heart lights on, the tiger in the tank and the sucker punches and eye pokes to a minimum:

**Choose Your Roles** - You now should know who possesses what skills and critical experience. **If you do NOTHING ELSE out of this section, please do this... It is the biggy!** Even though there are only two of you, decide what key roles are required to run the business effectively. Initially, you may determine that there are 7 different roles needed to operate the business such as; things such as Bookkeeper, Sales Manager, Marketing Director, General Manager, Personal Trainer, Group Fitness Director and Front Desk Operator. Out of those 7 roles, and based on each of your established skill sets, decide with serious consideration who will take on what role in its entirety and which roles can reasonably be a shared responsibility. The more separated you can keep the roles until you are ready to hire extra people, the better. You've heard the expression, "Too many cooks in the kitchen spoils the broth." When it comes to Financial Management, that couldn't be more true! Although one of you may be more of a "leader" than the other, and maybe you collectively agree that one of you is the "boss" in your roles as far as the day-to-day operations go, as Business Partners, you have **EQUAL** say in your overall business decisions.

**Respect and Acknowledge Talents!** - You are both very important to the business, so don't lose sight of each other's unique talents. Acknowledge them, respect them and even learn to leverage them in your departmental business dealings. For instance, one of you may be more experienced in analyzing and understanding the particular features of strength equipment, but the other may have extensive experience in purchasing, leasing and financial negotiations. When it comes time to buy equipment, you may both "shop" for your equipment, but once you have both decided on making a purchase, defer the vendor rep to the partner who is best suited to negotiate the final package details. Conversely, when hiring staff, you may both participate in interviewing a potential candidate, but defer the final decision and actual hiring procedure to the one who has that particular HR aptitude or experience. Bottom line, don't try to do everything together, in essence becoming mere extensions of each other, but clearly define who is responsible for what. Respect those spaces, but hold each other

accountable in a positive manner.

**Planning Time** - Since you will be wearing many hats and have responsibilities that will potentially keep you from collaborating in the course of a regular day on a professional OR personal level, it is critically important that you set a good hour and a half aside at the end or beginning of each week to review what has been done, what needs to be done and who needs to do it. Include personal planning items in this meeting; things such as personal appointments, commitments to family and friends, planned trips, etc. Go somewhere where you will not be interrupted. Get comfortable, turn your cell phones off, and focus completely on organizing the coming week. Beyond that, try to start each day with a 15 or 20 minute "gathering time" to make sure you are still on the right track and to discuss any important developments that may cause your weekly plan to be altered.

**Never Fight at Work** - I've had a lot of holes in my tongue over the years... and so has my husband (but not nearly as many as I've had! Ha!), but learning to bite your tongue is critical. Not to say that you should ever just roll over and take any disrespect, but as a couple, there is the natural tendency to let it all out because you think you will just kiss and make up like any normal pair. **WRONG!** You are now going to see a different side of each other when in a business situation, and there are these things called "professional egos" that must be managed by showing RESPECT for each other. If it is a business related issue, deal with the discrepancy, but take your spouse hats off, get emotion off the table and handle it professionally. If you have staff, how you personally interact together at work is going to set the tone for the whole culture. Personally, we pride ourselves on a synergistic culture of fun, high energy, high expectations and praise for jobs well done. It might be hard to set and keep that tone if I have a lock jaw on my husband's throat or he has me by the hair. As for personal spats, never argue over personal issues at work; bite your tongue and save it for later. Besides, you are more likely to decompress a bit by doing that and avoid the heat-of-the-moment words you don't mean and can't take back.

**Laugh at Work** - Allow yourselves to have fun and have a good laugh at work. Laughter reduces stress, wards off illness and helps you live longer --or at least happier. From time to time, the joke might

be on each other, but that is okay as long as it doesn't become spiteful or seriously insulting. Sometimes, dealing with a potentially maddening situation or frustrating quality in each other (the business persona) is best dealt with by using a little humor. Be tenacious and focused at work, but take a time out now and then with your spouse and staff. Tell a funny story, pass on a ridiculous joke or even play little *harmless* pranks. Guess what? It spills over into married life and keeps each other interesting.

**Leave Work at Work** - It will be there for you tomorrow. Really! Here is where you need to strike the balancing act. Just like you should avoid airing personal/family issues at work, don't turn your entire existence into a business relationship. Make a plan to have "happy hour" immediately after work; go for a walk, share a glass of wine (or fizzy water - bla!) or a coffee at your favorite hangout and allow 45 minutes to an hour to unwind and just recap the interesting highlights of your day. Then, put it AWAY. Turn your full attention to family, pets, individual interests, dinner, friends... and *each other*. Go a little overboard to keep the tiger in the tank (*wink wink*), a few extra candlelit dinners, time alone AWAY from the kids, or even better... declare one night a week as "date night". You'll need to make this extra effort because spending so much high intensity time together in business makes it easy to slip into being almost like close siblings, and I can't IMAGINE kissing my brother! Yuck! After a while, most couples need to work at keeping the passion alive and well, but the entrepreneurial couple has to pump up the volume a little more. Just think of the benefits of that.

So, go ahead, love thy business partner! Live, Love, Laugh and Make Money while you are at it!

(Andrea Sobotka is in partnership in Fitness Club Success and Fitness Fund Raisers with her husband, Rick. Andrea may be reached at [andrea@fitnessclubsuccess.com](mailto:andrea@fitnessclubsuccess.com) or at Fitness Club Success 866-855-5484)

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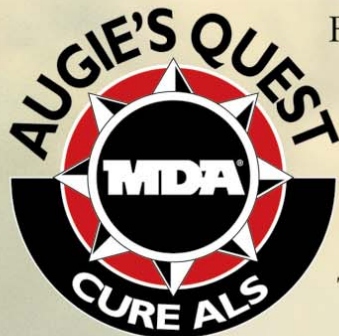
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Saturday 2/7/09 -  
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as well as helpful phone contacts to assist your club in becoming part of this effort.

Together we can make a world of difference!



Augie Nieto, founder of Life Fitness, was diagnosed with ALS in 2005. Later that year, Augie and his wife Lynne created the Augie's Quest initiative in conjunction with the Muscular Dystrophy Association (MDA).

*One Club. One Event. One Man's Quest.*

# Tools for Predicting Your Program and Profit Center Success

By: Laurie Cingle, M.Ed

**Publisher's Note:** This is Part II of a two-part series on Tools for Predicting Program and Profit Center Success. Last month, Laurie covered Step One, Review Your Current Programs and Systems, and Step Two, Review Your Current Program Department Staff.

## Part II

### Step Three

#### Review Your Payroll Costs Along with Other Expenses

Most of your fitness and wellness programming staff can be compensated in a manner that motivates them to increase program revenues, participation and service. For example, it is common that personal trainers are paid commission for their services. More members participating in personal training leads to increased revenues which results in increased compensation for trainers.

Adopt a pay-for-performance system for fitness programs managers and staff. One of my club clients paid their personal training director exactly like all of their managers:

- A very good base salary, which was intended to account for 80% of his total compensation (required 35 hours per week of "management" time).
- Quarterly management bonus that was based on performance relative to budget which was intended to account for 7% of his total compensation (historically he never received this bonus because he rarely achieved budget).
- 60% commission on all personal training sessions he personally delivered which were to occur

outside his "management" hours.

To put things in perspective, this club also had a full time fitness director who managed the team of fitness floor specialists, part-time land group exercise director and part-time aquatics group exercise director in addition to various other "assistants." The personal training director's job was specific to the personal training department.

What occurred was a classic case of "chasing the short dollar" --since the director's base salary was guaranteed regardless of the performance of the team, and since each month, he could increase his paycheck by training more clients, he tended to focus on his own training rather than on growing and developing the personal training team and thus growing departmental revenues. Of course, his training boosted the department revenues, but this strategy was not practical in the long-run. The quarterly management bonus did not seem to be a motivator.

This is a great example of where restructuring the compensation package of the department director could be a win for the club, a win for the team and a win for the director. Since it is never a good idea to slash the compensation of a team member you wish to retain (if you do, they will surely resign), work on a compensation package that will motivate and focus your director on the growth of the area you wish to see excel. One way to do this would be to compensate your director monthly on department performance.

- A base salary that is intended to be 50% of their total compensation.
- Monthly percentage of the net income of the personal training

department which is intended to be 45% of their total compensation.

- Quarterly management bonus based on performance relative to budget.
- Commission on all personal training sessions personally delivered with limits applied.

A plan similar to this can be designed to allow the director to reach a compensation level where he can exceed his old compensation package if he performs well. An owner should be pleased to reward a director for great performance. And, if the director doesn't perform well, the club doesn't take a big hit for mediocrity. Another consideration in this example is to consolidate positions by combining the fitness director and personal training director positions.

### Step Four Coaching Your Team For Success

You have analyzed your business and have a plan for refining your menu of programs and your systems. You have looked at your key players and identified your Program Champions or lack thereof. You are interested in looking at their compensation plans so they will be highly motivated to succeed.

Achieving and maintaining success in programs and profit centers requires high-functioning staff who EVERY DAY:

- Focus on and complete their most important tasks.

- Maintain their energy and enthusiasm at their highest peak.
- Easily come up with creative and inspiring program ideas.
- Exceed the goals set by the club and those they set for themselves.

Consider providing Professional Coaching for your department director and Group Coaching for your team of existing and potential program champions.

**See Sidebar:** "A Case for Providing Professional Coaching for Your Team"

In reality, few club owners and managers have the time or the skill to coach their team to the level required. Contracting with a professional coach whose primary directive is developing your team's skill in program leadership is certainly an option worth considering.

Look for a coach that can provide perspective, support and accountability for your team as they first develop, then work to achieve their programming goals. It is most helpful to utilize a coach who understands the club business, the specifics of program delivery and in-house profit centers and who has had practical experience in the field. Without firsthand knowledge, it is difficult for a coach to grasp the expectations of ownership and members. A good coach helps each team member develop their own solutions and ideas rather than telling them "here, do this..." The result is long-term



**Laurie Cingle, M.Ed.**

success in programming and club leadership.

**See Sidebar:** "The Difference Between Coaching and Consulting"

### This Is A Lot Of Work!

Knowing that most readers (maybe you?) did not answer the questions from Step One or Step Two, I'll make a deal with you. Send me an email asking for the questions in Steps One and Two to be sent to you in a Word document. Complete the questions, and email your answers back to me at [laurie@lauriecingle.com](mailto:laurie@lauriecingle.com). I will analyze it for you, with my compliments. All I ask is that you consider my comments and make a plan to change one thing about the way you deliver your programs within 60 days. I look forward to hearing from you!

*(Laurie Cingle, M.Ed. is a fitness business success coach and club consultant. She can be contacted at [laurie@lauriecingle.com](mailto:laurie@lauriecingle.com))*

### The Difference Between Coaching and Consulting

Consulting is defined as giving professional or expert advice. It usually involves an expert using their own skills to improve a given situation for their client. Often, a club will most likely use a consultant again when a similar situation arises because the club staff usually does not become adept at solving the situation on their own.

Coaching is commonly thought of as training or teaching someone to the point where they are able to produce similar results as that of the coach. Athletics are the most common example such as a tennis pro teaching a new player to become skilled at hitting a backhand or serve.

A key difference between consulting and coaching has to do with the subject of training. When a good coach completes his/her assignment, the client is prepared to continue on with some level of proficiency without the coach; they have been successfully trained. This is not often the case after a consultant shares their expertise --if the client is confronted with a similar situation in the future they usually need further consulting to achieve their desired result(s).

### Laurie Cingle's Philosophy On Coaching Vs. Consulting

Most situations are best tackled with a combination of coaching and consulting rather than one or the other. The better consultants have been doing some coaching with clients all along. Changes in our marketplace and a club's desire to survive the changes require a coach knowing what is needed most or what works best when it comes to assisting clubs to achieve new levels of success on all levels.

### A Case For Providing Professional Coaching To Your Team

Presidents, CEOs and top managers of large companies have employed the services of Executive Coaches since the 1930s. Executive Coaches benefit the organizations that contract their services by assisting their key people to improve productivity, quality, customer service and bottom-line profitability. In a recent survey<sup>1</sup>, The Manchester Group measured the return on investment of customized executive coaching for leaders of Fortune 1000 companies. They found that coaching of top level staff produces a 529% ROI with significant intangible benefits to the organization. When they included the financial benefit from employee retention, ROI was boosted to 788%.

1. "Maximizing the Impact of Executive Coaching: Behavioral Change, Organizational Outcomes and Return on Investment." Joy McGovern, et al. The Manchester Review. Volume 6, Number 1, 2001.



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# Need Employment Insurance?

## Master Your Own Personal Brand

By: Brenda Bence

In today's topsy-turvy marketplace, job security may seem like a pipe dream. In the midst of downsizing, stock market confusion and layoffs, how can you make sure to keep your name off any pink-sheet list? One key way you can create employment insurance is to learn to define and effectively communicate your own unique personal brand at work. Here are some personal branding tips for insuring you'll have a job even if times get tough:

**Understand the needs of your audience.** We tend to think that personal branding is an ego thing—that it's all about "you". But, just as successful corporate marketers make sure their products fill a need for consumers, personal branders have to make sure their brands fill their audience's needs as well. If you aren't exactly sure what your boss needs from you, *ask!* Then, do all you can to meet those needs. Become indispensable. It's a surefire way to make certain you remain valuable in the eyes of your employer.

**Know your strengths, and leverage them all.** What talents and skills do you bring to your company? Are there any strengths that you aren't fully utilizing at work? Can you offer more skills

than you offer now? Give every talent you have to your company, and you will be someone your company can't afford to lose.

**Go beyond your job description.** As you leverage your strengths, think about doing more than your job description specifies. Someone who does only what is required of them will be among the first to go in a layoff situation. That's why strong personal branders look for ways to go beyond their job descriptions. Be prepared to show flexibility and versatility. Find ways to be proactive, getting tasks done before you have to be asked to do them. Think about making your supervisors' jobs easier for them. Not only will you become a great asset to your employer, but you'll also find you will take greater pride in what you do.

**Strengthen your credibility.** Do you want to be known as one of the best in your company at what you do? Use experience, education, and endorsements to elevate you to a top-performer image. What experience do you have that proves you can perform certain tasks on the job? Are you using all appropriate past experience that you can? Can you take a seminar or a course to strengthen your credibility on the job? Are you asking clients and supervisors for endorsements or

testimonials that you can use to show your value?

**Be mindful of your personal brand character.** Think of your brand character as your overriding attitude, temperament and personality. It's like the difference between Pepsi and Coca Cola. Their ingredients are pretty much the same, but each brand has a "character" all its own created by smart marketers. The same holds true of smart personal branders. Remember that employers want to work with people they like. Is the character that you display on the job the type of character that will appeal to your audience? This is a critical part of successful personal branding.

**Be consistent.** Everything you do must communicate your personal brand. If you remain consistent with your brand, your employer will know that you can be counted on to deliver every day. This means that you must look and sound the part of your personal brand, too. Dress professionally and make sure to speak articulately. Study body language and learn how to present yourself as open and friendly. All of these efforts will not only help you keep a job but may even get you promoted.

**Learn to manage your reactions.** We have all fallen prey to knee-

jerk reactions, but they're almost never worth it. Nine times out of ten, you'll look back on an angry response and wish you could turn back the clock. So, at a time when you think you might fall prey to a knee-jerk reaction, learn to take a breath and hold onto your emotions. Take the time you need in order to express your opinions rationally. It will do your personal brand good, and you won't regret it later.

**Maintain a positive attitude.** Don't get sucked into the abyss of "misery" that seems to spread whenever the stock market takes a dive. No matter what is happening around you, thinking negatively will do nothing to help. In fact, it may just take you down with the ship. After all, science is beginning to discover that your thoughts may have more power than we... well, *thought*. So, work on keeping your thoughts positive and expect the best. It will not only make your life easier during trying times but it can also help you create a better future... sooner rather than later.

Whether or not you worry that your job could be in jeopardy, mastering your personal brand is one of the very best ways of not only insuring job security, but commanding a higher salary and advancement in your career as well. Becoming known for



**Brenda Bence**

your powerful personal brand puts everyone on notice that you're someone to watch. What better job insurance is there than that?

(Brenda Bence, branding expert and certified executive coach, is the author of "How YOU™ Are Like Shampoo", the only start-to-finish book for defining, communicating, and taking control of your personal brand at work. After graduating from Harvard Business School, Brenda developed mega brands for Procter & Gamble and Bristol-Myers Squibb. She now travels the world speaking, training and coaching on corporate and personal brand development. For more information, goto: [www.HowYOUAreLikeShampoo.com](http://www.HowYOUAreLikeShampoo.com))

### ...Phone Coaching

continued from page 24

about your business strategy. This requires club owners and managers to literally "think outside the box" related to potential revenue opportunities. This is not to suggest that our physical facilities won't remain "contact points" for prospective and existing customers, as nothing is as valuable as the personalization on which our industry thrives, but reaching the community requires transcending the existing paradigm of traditional membership sales, one-on-one/face-to-face personal training, and so forth. It is important here not to

forget about your core business (memberships, personal training, etc), but rather, acknowledge that such a transcendence, or "shift" in thought will allow you to identify the myriad of opportunities that exist on the periphery, which can be *huge* revenue generating opportunities.

Breaking down the gym walls to tap into the 86% of the U.S. population that does not do business with us is, first, about being creative with the opportunities available and, second, about delivering a high-quality service that drives referrals and, hopefully, new customers through your door. While there is no "right answer", phone coaching provides a credible alternative to the traditional *modus operandi* of the health club business. Ultimately, you need to acknowledge that the world is changing and nothing is off

limits. This will help shift your mental paradigm toward opportunities that provide great reward for you and the people you serve.

(Dr. Edward M. Slover has 11 years of diversified experience within the commercial health and fitness industry and holds a Doctorate of Management in Organizational

Leadership. Presently, he works as the Manager of Licensing and Account Management for the Apex Fitness Group. He may be reached at [ed@apexfitness.com](mailto:ed@apexfitness.com))



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# Programming Tip of the Month:

## "Twelve Days of Fitness" - Profitable Programming Idea for YOU

By: Sandy Coffman

To be a successful programmer, you must be open minded, creative, innovative and fun loving. A program can be created out of current events, books, fairy tales, movies, song titles, and of course, any calendar event or holiday.

With Christmas just around the corner, you can program far beyond the normal club Christmas party. The programming goal for December will be to keep your members active in your club --even through their very busy personal schedules. That calls for specialty programs to involve all types of members.

The "TWELVE DAYS OF FITNESS" is the brain child of SalesMakers, the internationally acclaimed sales consultants of 30 years in our industry. They introduced the program to their clients many years ago to attract new members in the month of December, but the program has become and remained a great productive program in many clubs year after year. The beauty of it is that it can be adapted to every club setting and is almost fool proof if you follow the keys to successful programming as outlined in my book, *Successful Programs for Fitness and Health Clubs*. Each of the 101 programs that are offered in the second half of the book will include variations of the original program to help you create the exact scenario that will work for you. Your creative juices are guaranteed to flow. Perhaps you can come up with your own version of this very popular program, the "Twelve Days of Fitness".

### "TWELVE DAYS OF FITNESS"

The "Twelve Days of Fitness" is obviously a play on the words of the Christmas carol, "The Twelve Days of Christmas." More important is the line in the song, "On the twelfth day of Christmas, my true love gave to me..." In the spirit of the season, this program encourages giving a gift, and what better gift than the gift of fitness! This program will grow your business with new members, but the marketing strategies will be specific to existing active members, new members, inactive members and potential members.

1. Holiday greeting cards are sent to all members with two "Twelve Days of Fitness" membership certificates. Members give the certificates to their friends, relatives or coworkers.
2. Recipients of the certificate are entitled to 12 consecutive days of free membership at the club --provided that they begin their

free trial membership on or before December 31.

3. This program could pull a response equal to approximately 25% of your total membership. If your club has 1,000 members, you should expect your members to refer about 250 trial members. You should convert at least 35% of the members if you get them into fun programs during their 12 days at your club.
4. You must make every effort to mail the certificates by the first Monday in December.
5. You must follow up the direct mail piece with a phone call or e-mail, in which you ask the following:

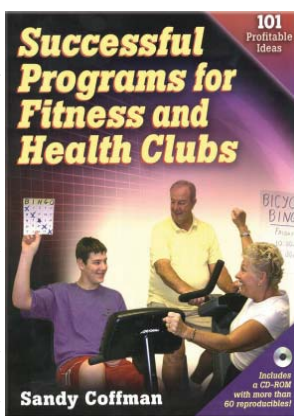
- "Did you receive the certificates?"
- "Do you require any additional certificates?"
- "Whom are you planning to give the certificates to?"

6. The certificates are temporary membership cards during the 12 days that the recipients use them, beginning with their first visit.
7. The guests must all be called and invited to specific programs of their choice during that time.
8. Follow up! Follow up! Follow up!

### Tips for Success and Points to Consider:

The "Twelve Days of Fitness" program can be run on a semi-annual basis. In July, the 6th month of the year, run the "Twelve Days of Fitness" program to increase sales and participation in the usually "down" time of the year. You can either send a holiday greeting card promoting the program as "Christmas in July" or simply send a letter with the certificate to the same groups of peoples as in the December program. For example:

- A. Send a "Twelve Days of Fitness" letter to your existing members, asking them to give the free certificate to their friends.
- B. Send a letter to your new members (those who joined the last three months), welcoming



them to the club and encouraging them to give the certificates to their friends, relatives, or coworkers. **Note:** New members are the most anxious to share the club experience with others like themselves.

C. Send a letter to your inactive members. Acknowledge that you have missed them and that this is a perfect opportunity to get reactivated. If there is any time they will become active, it will be now, and they will bring a friend as well.

D. Send a letter to past guests or missed tours --people who toured your facility but didn't join. Thank them for visiting your club, and give them this second opportunity to make good on their New Year's resolutions and become valued members.

E. Send a letter to former members, giving them an opportunity to come back. Not only would they get the complimentary passes for their friends, but if the former members rejoin, they could do so without a joining fee.

### GO For It: "Twelve Days of Fitness"!

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

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| ___ Clubs For The Cure - Page 35               | <a href="http://www.clubforthecure.com">www.clubforthecure.com</a>           |
| ___ Optimal Design Systems                     | <a href="http://www.optimaldsi.com">www.optimaldsi.com</a>                   |
| ___ Planet Fitness - Pg 2                      | <a href="http://www.planetfitness.com">www.planetfitness.com</a>             |
| ___ 2009 IHRSA Convention & Trade Show - Pg 29 | <a href="http://www.ihrsa.org">www.ihrsa.org</a>                             |
| ___ Vitabot - Pg 39                            | <a href="http://www.vitabot.com">www.vitabot.com</a>                         |

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All who have advertised, purchased subscriptions, read and pitched in as Contributing Authors. We are now in our 16th year of publication! All of you are on the "Team" that makes CLUB INSIDER, and we will be grateful to you forever.

I appreciate and LOVE 'Ya!  
 Very Sincerely, Norm Cates, Jr.



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