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Norm Cates'

THE Club Insider[®] NEWS

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

DECEMBER 2001
VOLUME 8 NUMBER 12

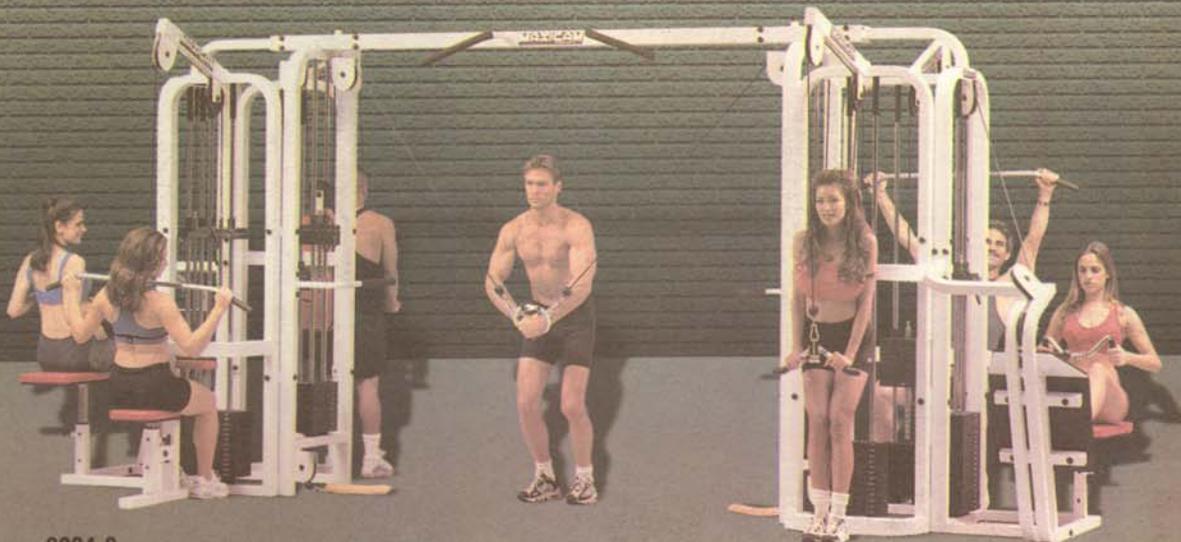


Steve Tharrett

**Reveals Club Corp's Recipe For Success:
How to Create Pride In Belonging**

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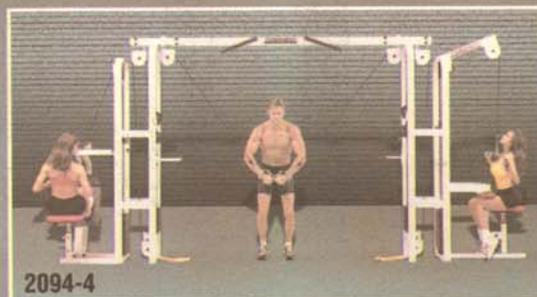
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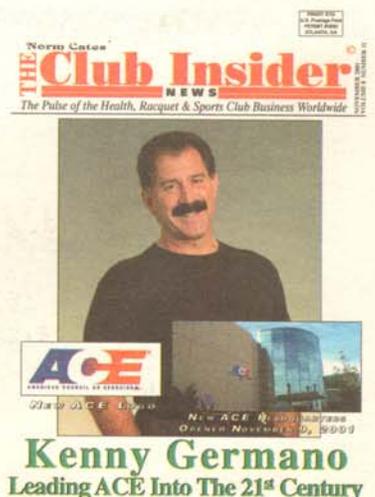
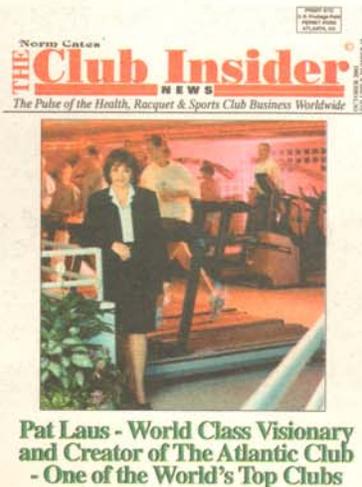
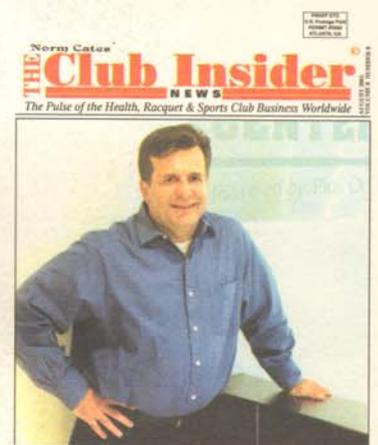
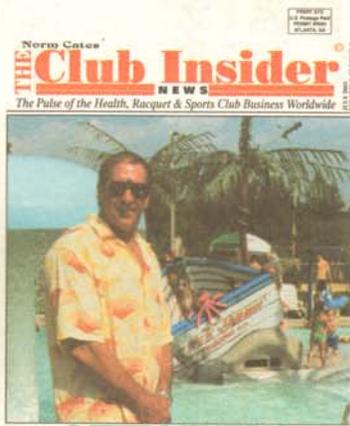
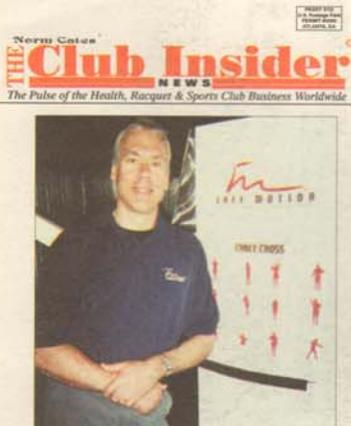
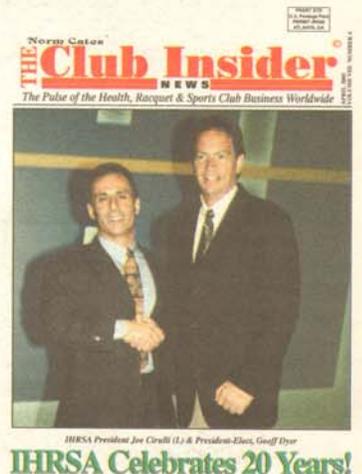
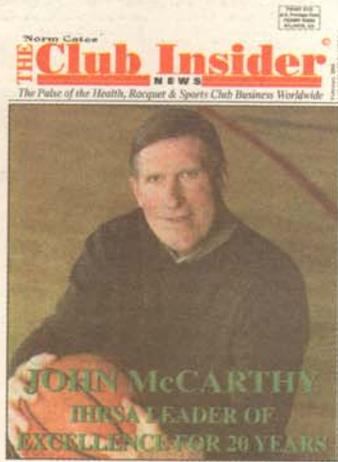
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The Pulse of the Health, Racquet & Sports Club Business Worldwide

2001 In Review



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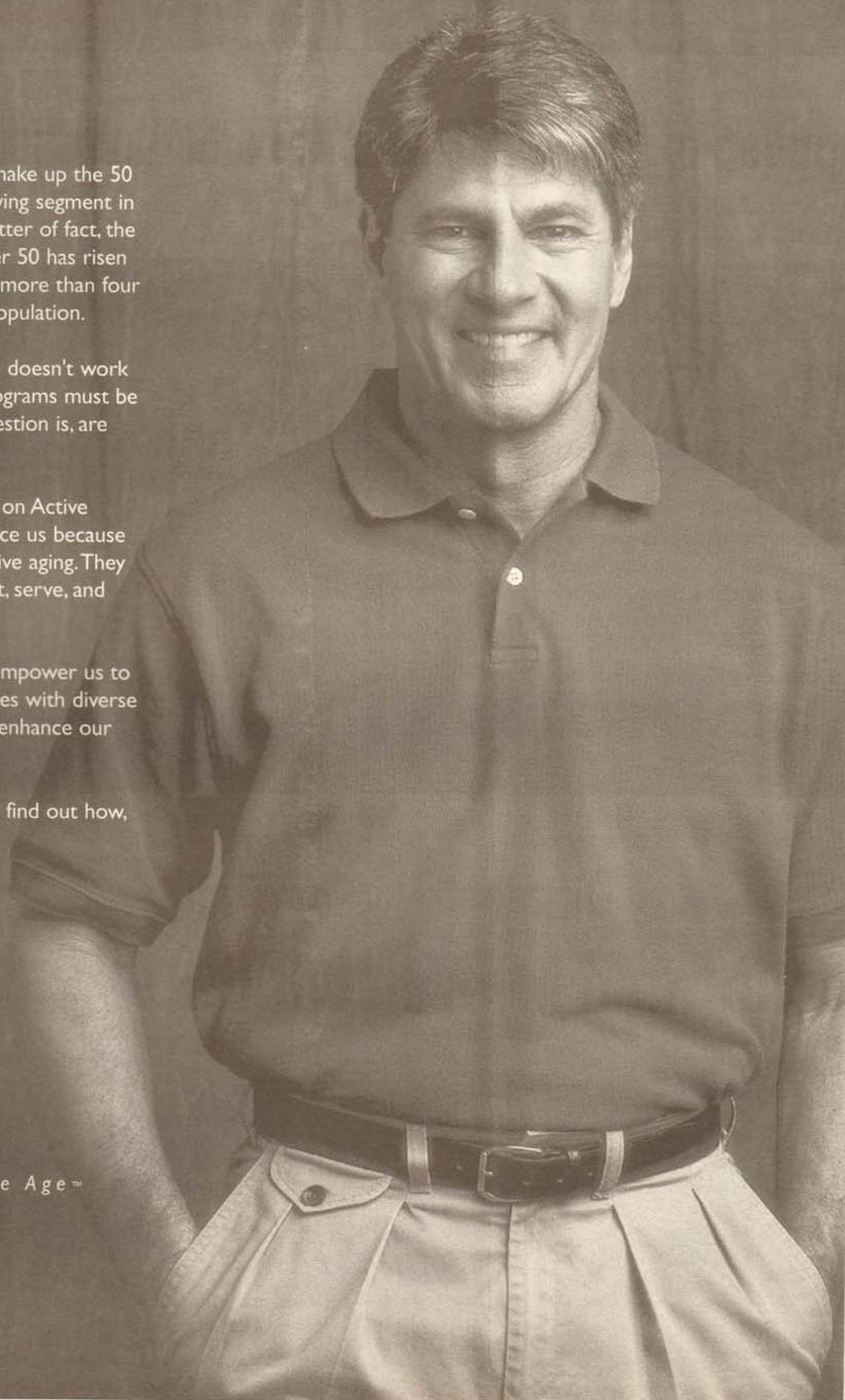
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THE Club Insider[®]

NEWS

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

Steve Tharrett Reveals ClubCorp's Recipe For Success: How To Create Pride In Belonging

By Kori Garner

Conjuring images of luxuriously groomed fairways and historic clay court competition amid country club splendor, ClubCorp is the world's largest

operator of country clubs, business and sport clubs, business clubs and golf resorts. For over 44 years, ClubCorp has provided top quality golf, athletic, tennis and other private club experiences to its members, gaining a sterling reputation along the way for its superlative service and personalized

attention to the smallest detail. An often-stated commitment to constantly exceeding members' expectations and a continuing goal of providing world-class service to each member at every club has propelled the company into the forefront of the hospitality industry.

Created in 1957, with the development of Brookhaven Country Club in Texas by visionary Founder and Chairman, Robert H. Dedman, ClubCorp has grown to \$1.7 billion in assets and is now recognized as a world leader in delivering golf, private club and resort experiences. Internationally, the pri-

vately held company owns or operates more than 200 golf courses, country clubs, private business and sports clubs, and golf resorts. Setting high standards for the private club industry overall, ClubCorp has 20,000 plus employee partners serving the over
(See Tharrett page 8)

2001 IN REVIEW

OUR WORLD AS IT IS NOW and "LEAVING FAT CITY"

By Norm Cates, Jr.

2001 is almost over and I write this after having attended both The CLUB INDUSTRY Convention and Trade Show in Chicago and the IHRSA/Athletic Business Conference and Trade Show in Orlando in the last 30 days. A "2001 In Review Special Edition" would not be complete unless I were to "Tell It Like It Is" one more time. (Actually two more times.)

Before getting into "2001 In Review" I would like to comment on two items: #1- Our World As It Is Now and my impressions of both conventions and trade shows recently attended. #2-

"LEAVING FAT CITY", a personal tale of my lifetime experience and battle with weight control that I am calling: "Leaving Fat City." After that I will have a headline-by-headline commentary on 2001 and events that have shaped our industry during 2001.

Our World As It Is Now

With the exception of those families that lost loved ones, I believe our time of nationwide mourning needs to come to an end. It is time to move forward. All club owners, managers and operators are, or should be, leaders in your both their club and their community. You should positively influence the behavior of your club's members with your positive attitude and upbeat approach to life. I sense that some of you may not be getting over the fact that this WAR OF TERRORISM has been declared on our country and our

world is now very different than it was before 911. But, different it is. I am not saying that ALL of you out there are letting this tragedy slow your pace of life. I am just saying that if you are still down in the dumps about the terrorists attacks, now is the time to get over it. Get back to your life full-speed ahead. If these comments hit home, then think about what is going on in your head and then do something about it. If you are over it, that's great! Just press on! But, whatever you do, remember this. YOUR attitude will heavily influence the attitudes of thousands of your members and guests. And, collectively American club people across this great United States of America can make a huge difference by leading our members on a positive path to full recovery. If your attitude about the world is negative and you manifest that feeling in your behavior, it will discourage your members from working out in your club and it will hurt your business for sure in both new membership sales and member retention, not to mention ancillary income categories.

2001 - Was A Sad Year - But, We Must Move On

For all of us, 2001 has

been a very sad year. I, like all Americans, still feel a deep - deep sense of sadness about the murders and injury of our fellow Americans (and others from 80 nations) in New York, Washington, D.C. and Pennsylvania. I do not think any American anywhere will ever - ever really be the same. But, maybe that is not all bad because the attacks on America have also brought about a new unification and renewed patriotism to the U.S. that is awesome. The terrorists are probably thinking to themselves something like this: "Man, we really underestimated the hearts and the spirits and the minds of those Americans! What are we gonna do now?" While we are all deeply saddened by the deaths and injury of thousands, the UNITED STATES OF AMERICA will pursue these lunatics to the end of the earth and they will be brought to justice. Take THAT to the bank! So, it is with great anticipation of success that I say to each of you, LET'S ROLL and lead this country in a positive manner!

2001 - A Terrific Year Both Business and Personally For Yours Truly

While 2001 has been one of the toughest, if not THE toughest years in the history of America, 2001 has been a truly ter-

rific year for me personally and I want to say thanks to many for making that happen.

Thanks to all of The CLUB INSIDER News advertisers, Contributing Authors, Ron Hudspeth and Cathy Brown of Atlanta's Pulse, The HUDSPETH REPORT, Walton Press and the great team there and my son Justin Cates. And, extra special thanks to Rick Caro and the members of the Faust Roundtable #1.

Thanks to The International Health, Racquet and Sportsclub Association (IHRSA) for honoring me in March, 2001, with its DALE DIBBLE Distinguished Service Award, IHRSA's highest honor. The IHRSA DALE DIBBLE Distinguished Service Award is "given every year to a person who, over a long period of time, has made enormous contributions to the development of the industry." Also honored at IHRSA's 20th Convention were the Sales Makers, Ray Gordon, Eddie Tock and Lyle Schuler who were named to IHRSA Associate Member "Wall of Fame!" Other IHRSA 2001 honorees included: Helen Naples - Polar Community Service Award Winner, ACE Group Fitness Instructor of the Year Award Winner - Donna Brouillard and Personnel Trainer of the Year Award Winner, Ann
(See 2001 In Review page 7)

Inside The Insider

- Selling Memberships Is Easy! Prospecting, Production and Accountability. That's The Hard Part!
- Club Industry 2001 Photos
- IHRSA/Athletic Business Photos
- Promotion! Promotion! Promotion!
- Focusing On Three Perspectives For Increased Sales
- The Milner Report

• NORM'S NOTES •

• **WOW!** 2001 has just flown by and as I sit down to write these **NORM'S NOTES** on **December 11, 2001**, our country is remembering those that were lost in the lunatic attacks in New York, Washington and Pennsylvania. What a time for the families of those killed and injured to live through. But, the U.S. will prevail in this WAR and we will never forget what these people did to many Americans and the many others from around the world. In this issue I've commented on the subject of **POSITIVE THINKING** and **LEADERSHIP** by all of you. You improve and enhance the lives of millions of people across this country every day. And, I know it is not easy to put on your "game face" when you are down in the dumps. But, you are leaders and you all must press on with positive thinking and leadership for your members. They are depending on you! Check out my article this month entitled "2001 In Review" for more comments on this subject.

• **Don't miss IHRSA's 21st Annual Convention and Trade Show in Phoenix, Arizona, March 5-9th.** Go to IHRSA's website: www.ihrsa.org for information on the event and hotel accommodations. If you are not an IHRSA member, call **MEREDITH POPLAR** at: (800) 228-2772. And, remember. Even if your club is not an IHRSA member, you will still be eligible to attend the giant **IHRSA Trade Show** in Phoenix.

• Speaking of **IHRSA**, **GEOFF DYER**, **IHRSA President** and the **CEO and President** of **Tampa-based LifeStyles Family Fitness Centers**, has landed a

significant funding facility with **Quantum Capital Partners** providing \$6.25 million. The deal includes conversion of a current debt of \$3.25 million to an equity position and funding of an addition \$3 million in cash equity.

• Last month we published a page #3 story about **FitnessMX** seeking an acquisition suitor. Well, the ink wasn't even dry on that issue when I received word that the hunt was over and that a new investor with private funds had been found. We spoke with **RICHARD WARREN**, **FitnessMX CEO** and **President** and he indicated that the investors would not be disclosed but that they were moving into their '**Beta**' phase

• The **YMCA** not only enjoys at least a **33%** financial advantage over commercial for-profit clubs, the **Y** is now apparently engaged in illegal activities to boot! The **Baltimore Sun** has reported that for two years the **YMCA** received **\$132 per head** from **DAVID C. MARZANO**, **President** of **Global Staffing**, for helping **Marzano** illegally process over 4,000 visas that were designed for cultural exchange and job training. **Marzano** and **Global Staffing** had already been indicted for violations of immigration laws, but the **YMCA** continued to process work for **Marzano** and receive money from him. This went on even though work and employment were specifically prohibited by this **Visa Program**. Earlier in 2001, **YMCA** officials acknowledged the involvement of the **Y**

with a similar scam program operated by **USA-IT** that provided illegally jobs to hundreds of foreign electricians! More about the **YMCA** came to light at the recent **Florida Health Club Association** meeting in Orlando where a member of the newly renamed Association (it was formerly the **Southeast Health, Racquet and Sportsclub Association**) disclosed that he had learned that a **Florida YMCA** had claimed on **required reports** they must file that they had donated 300 memberships to local law enforcement officials when at this point, no one can prove that at the **Y**. **STAY TUNED.**

• **HERB LIPSMAN**, the **Vice President for Development** as the world-class **Houstonian Hotel, Spa and Club** in **Houston, Texas**, brought it to my attention recently that I had not included the **Houstonian** in my **TOP 5** list of facilities. I told Herb that I knew when I wrote that piece that I would hear from someone that felt left out and that I usually do not make such comments in my articles. I also explained that my **TOP 5** list **ONLY** included facilities that I have personally visited, and I had never been to the **Houstonian**. So, my apologies to Herb and the nice folks everywhere whom I may have offended by leaving their club out of my **TOP 5**. By the way, that **TOP 5** was: **Red Lerille's Health and Racquet Club, Lafayette, LA., the East Bank Club, Chicago, IL., the Thoreau Club, Concord, MA., Cedardale Athletic Club, Haverhill, MA. and, of course, The Atlantic Club, Wall, N.J.**

• I meant to mention last month a new piece of equipment that was advertised in our November edition. That was **LOU GAUDIO'S - 'POLE-DANCER'**, a new weight stack leg machine that really isolates the upper thighs. Check out Lou's ad in this issue on page #29. Plus, you may go to

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E Mail - clubinsidernews@mindspring.com

www.poledancer.org. or even better than that, call Lou, a veteran gym owner, at: (800) 474-2634 and be sure to tell him we said "Hello."

• **ELYSE McNERGNEY**, the **Founder and CEO** of **The Xercise Corporation**, has announced that **BARRY HAYDEN**, **Director of Fitness and Conditioning** for the **New York Mets**, has joined her company as a spokesman for the **IM=X Programs**. **IM=X** offers a cross conditioning system focusing on muscle efficiency through core muscle power and postural endurance to optimize physical performance. Check out Elyse' ad on page #22 of this issue.

• **STEVE ROMA**, the **President of WOW! Work Out World**, has announced the licensing of the **WOW** name to a fitness facility in **Randolph, MA**. That brings **Roma's** total to 13 with 3 licenses in Connecticut, 3 in Massachusetts and 7 corporately owned locations in **New Jersey**. **Steve Roma** and his team are one of the leading **911 Fund** raisers in America with over **\$50,000** raised so far. Way to go **Steve!**

• Speaking of contributions, **MARK SMITH's** **New York City-based Town Sports International** has donated **\$300,000** to the **American Red Cross** following the **World Trade Center attack**. **TSI** continues to boom with 3rd quarter revenue up 18% to \$72.4 million. **TSI** now operates 110 owned and 2 part-owned clubs. **Mark** also serves **IHRSA** as a member of its **Board of Directors**.

• **STEVE and SALLY GOLDMAN**, owners of the **Weymouth Club** in **Weymouth,**

MA., continue to mount up honors for their club. Their club was named **Boston Magazine's "Best of Boston Award"** and both the **Quincy, MA. Patriot Ledger** and the **Community Newspaper Company's 'Readers' Choice Awards** three years running. Now, the **Weymouth Club** has been voted the "**#1 Fitness Center in the South Shore**" in "**Consumers' Choice Competition** conducted by the **Award Publishing Company**. **Contratulations Steve and Sally!**

• **Insurance rates** have been projected by **The Nowick Group**, insurance consultants, to increase across the board from **10 to 25%**, so it might be a good idea to check into your club's projected renewals. Check out **KEN REINIG'S** ad for the **Association Insurance Group** on page #16 and contact him for a very competitive bid on your club and other insurance needs.

• There was word going around that **StairMaster** might lay off all its employees and shut down due to the **Bankruptcy** filing a few months back. So, I contact **StairMaster's BERNIE BOGLIOLI** and asked him specifically if that was the case. He told me for sure that was **NOT THE CASE** and that the rumor had gotten started because of a mandatory action required by the **Federal Government** called **WARN** which must be done by companies that file for **Bankruptcy Protection**. So, forget about it. **StairMaster** is working through things and introducing new products.

• **MERRY CHRISTMAS, HAPPY HOLIDAYS and HAPPY NEW YEAR** to you all. And, don't forget to **STAY TUNED!**

HOT LATE BREAKING NEWS

PAUL BYRNE, **Precor USA President**, announced that **Precor** parent company, **Illinois Tool Works' (ITW)** Board of Directors had voted to divest its consumer products division. **Byrne** commented, "Precor earned and reinforced a reputation for product innovation and quality, and a superior customer and end-user experience. Working with **ITW**, we complemented those strengths with operational practices that made us even more efficient and financially stronger. Especially in today's market, financial strength, product quality and customer service are the critical measures of success."

The **Surgeon General's Office** on **December 14**, in conjunction with the **U.S. Department of Health and Human Services**, issued a "**National Call To Action To Prevent and Decrease Overweight and Obesity**." The 36-page report includes "action plans" for families, schools, health care organizations, the media and business communities. Businesses are explicitly encouraged by the **Surgeon General's Report** to "create incentives for employees to join local fitness centers." **JOHN McCARTHY**, the esteemed **IHRSA Executive Director**, should be congratulated because **John** has quietly worked behind the scenes for years with the **Surgeon General's Office** to get the **U.S. Surgeon General's Office** to issue its report on **Exercise** in 1996 and now this! **STAY TUNED** as we will have more on these stories next month!

Norm Cates
THE Club Insider
NEWS

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Box 681241, Marietta, GA 30068-0021 • (770) 850-8506
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In Review

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Gilbert, Fitness Director of the Year Award Winner from Star Trac was Scott Lewandowski, Racquetball Programming Award Winner - John Marshall, Alaska Clubs, IHRSA Keiser 50+ Award Winner was Pat Weir, the Atlantic Club and the TCA Community Tennis Development Award Winner was Ken Harrison.

Thanks to the Italian Fitness Federation as it honored me in June, 2001, as the International Fitness Journalist of the Year. Congratulations to the other American club people honored by the Italian Fitness Federation including: JOE CIRULLI and his world-class Gainesville Health and Fitness Center-World Fitness Club of the Year, JOHN McCARTHY, IHRSA Executive Director- World Fitness Leader of Excellence, SANDY COFFMAN, President of Programming for Profit, International Marketing Speaker of the Year, HOWARD RAVIS of the Club Industry, Educational Leader of the Year and International Presenter, Madonna Grimes.

"LEAVING FAT CITY!" - Born Again To Fitness

You are my people. I love each of you in a special kind of way and I have dedicated the last 8 years of my life to serving you with The **CLUB INSIDER** News and I greatly appreciate your support in return! I have been honest with you from the beginning and I don't plan to stop now. The following comments have been on my mind for a long, long time and now is the time for me to be brutally honest with you.

While I was humbled and very grateful to have received the IHRSA and IFF honors, I think 2001 was most significant for me because I have been born again. That rebirth was in my own personal fitness. I am very happy to report to you that I have now lost 93 pounds on my total weight loss goal of 120 pounds! I began on November 26, 2000. Last month in my Norm's Notes, I revealed my 82-pound weight loss and also told you about a book I am writing about my lifetime weight battle. The name of the book? "LEAVING FAT CITY!" Just in case you think that I am fixin' to publish a book about my

expertise in losing weight and keeping it off, think again. I am NO EXPERT on weight loss and how to keep it off. But, what I think I am an expert on, because I have lived with it, is OBESITY and the pain and heartache it causes. For the last 11 years, I have been a "spy" living on the "Inside" of the disease of OBESITY. In my new book entitled "LEAVING FAT CITY" I am going to share with the world what it is like to be fat in our society. Just in case you have never had any kind of weight problem, the truth is, being fat, overweight and out of condition really-really is awful. But, what to do to (a) keep it from happening in the first place and (b) fix it if it does happen is another story entirely. As all of you know, the answers are really very simple. But, those demons that get one there are another thing entirely. And, that is what my new book, "LEAVING FAT CITY", will be all about. So, I sit here writing these comments after having lost 93 pounds so far and I am truly grateful and thankful to God for having been spared to tell this story. And, special thanks to my "Guardian Angel" whose coaching has meant so very much to me and has truly made all the difference in this effort of "Leaving Fat City!"

THESE HARD REALITIES WARRANT MY APOLOGY

This is tough love and these hard realities of "FAT CITY" in my mind are: (1) I am darn lucky to even be alive. (2) I owe a sincere apology to each and every one of you out there and to my son, my wife, my family and loved ones, my friends, my associates, and my readers that I don't even know, for what I had allowed myself to become over the years. So, you heard it first here. I am telling each of you like it really is. I am sorry I had become a 'FAT SLOB' folks! I am sorry for the SERIOUS "EYE POLLUTION" I have caused each of you to endure every time you had to look at me. Believe me. I realize fully that I was not a pretty sight! (But, at 93 pounds off, my looks are getting better, I am told.) I have NO EXCUSES. The tough times in business - NO EXCUSE. Our car wreck and my serious neck and back injury in 1991 - NO EXCUSE. A serious battle with skin cancer (which I won!) - NO EXCUSE. 8 years of newspaper deadlines every month without fail - NO EXCUSE. I simply have NO EXCUSES and I am really,

really sorry for what I had become; and I take all of the blame for it. It was nobody's fault but my own! (3) Once I reach my goal of a total weight loss of 120 pounds, I pledge to MYSELF and TO YOU ALL that I will then ALSO accomplish the really and truly hard part of this challenge. I will continue to exercise every day. I will watch my diet and my weight like a hawk. And, I will one day share what I have learned with others through my book entitled: "LEAVING FAT CITY" so that my experience truly does make a difference to the world after I am long gone. (Don't look for me to depart for many years now that I have been reborn to fitness!) So, that's it. I've got this burden off my chest and I just hope you can find forgiveness in your heart. Just keep in mind the following comment: "Fat people do not want to be fat. For whatever their demons, they have just lost control of their lives and they need your encouragement and help to get that control back. That is a huge part of YOUR destiny."

2001 In Review - A Summary of This Year's Top Stories

JANUARY-2001- Our cover subject was - JOE MOORE - Club Business 'Gladiator' - Joe Moore has emerged as one of the leading health club operators in North America, starting 30 years ago in a \$100 per month 1,000 square-foot space, which today has become 12 locations gen-

erating over \$8 million annually. Moore was nominated by IHRSA to serve on its Board of Directors at the IHRSA Orlando Convention Board Meeting. In the January issue we also covered: (1) IHRSA's announcement that Bally Total Fitness had been invited to join the Association and had accepted. This event marked the end of a significant journey for Bally Total Fitness from an organization that was black-balled from joining the Association in New Orleans in 1986 to an organization that experienced a true 'renaissance' under the leadership of BTF CEO (and now Chairman) Lee Hillman. (2) Sir Richard Branson, one of the world's greatest entrepreneurs and business promoters, announced the acquisition of South Africa-based Health and Racquet Clubs that recently had been declared bankrupt by Leisurennet. Branson has built an empire that includes music, airlines, real estate and much more. Branson was aided in this foothold acquisition in South Africa by Nelson Mandela. (3) ICON Health & Fitness announced that it would acquire Ground Zero Design. ICON, is the world's largest manufacturer and marketer of home fitness equipment and the Ground Zero acquisition marked ICON's initial foray into the commercial equipment market.

FEBRUARY- 2001- In our Special Edition for IHRSA's 20th Anniversary our cover subject was John McCarthy - IHRSA's Leader of Excellence for 20 Years. John McCarthy is now finishing his 21st year as the highly esteemed Executive Director of IHRSA and continues to do

an incomparable job. At this point in John's tenure he has assembled a very experienced and highly talented IHRSA Staff of over 65 individuals and has worked with over 60 Board Members since IHRSA was founded in 1981. Other stories we covered in February included: (1) Netpulse/Ezone Media Network, a newly merged company that originally consisted of Netpulse, Ezone and Xystos, crashed before its wheels were even up and locked. Netpulse/Ezone Media Network filed for Chapter 7 in Bankruptcy Court in San Francisco on February 6, 2001. (2) It was formally announced that Bally Total Fitness had joined IHRSA as of January 1, 2001.

MARCH- 2001- Our cover subjects were Tim and Liz Rhode - The Club of the Future Is Now! In this special two-part club case study we chronicled the meteoric rise of Tim and Liz Rhode's Maryland Athletic Club and Wellness Center from a start-up 5 years ago to a \$5.5+ million business with a 16% profit margin. The other lead story for March was entitled: Tools Management, Inc. and Brian Homan Decline Comment. This article chronicled and disclosed that at press time The **CLUB INSIDER** News had identified and verified six clubs that had lost in excess of \$120,000. At this December, 2001 press time, we've identified 8 clubs that have lost a collective \$200,000 plus to Tools Management, Inc. Also, importantly in that issue's Norm's Notes I reported that Lynne Brick, Co-owner of Brick Bodies in Baltimore, was recovering very well from brain surgery to remove a tumor. And, I just saw Lynne in Orlando and she looked terrific and feels great!

APRIL- 2001- Our cover (See 2001 In Review page 9)

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...Tharrett

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500,00 club members and 250,000 guests who visit ClubCorp properties each year. Principal affiliates are ClubCorp USA Inc., ClubCorp International, Inc., and the Pinehurst Company.

Club Insider News writer, Kori Garner, recently had the privilege of interviewing Stephen J. Tharrett, ClubCorp's widely known and well-respected Vice President of Strategic Operations. Stephen has primary responsibility for the athletic and tennis lines of business within ClubCorp, which generate over \$60 million in revenues for the company on an annual basis. He presides over the nation's largest tennis operation—70 plus tennis properties with more than 725 courts and 53 tastefully equipped athletic centers among its family of clubs.

The majority of ClubCorp's athletic facilities are housed within country or tennis clubs; only nineteen (includes sports clubs and business & sports clubs) are free standing. These clubs are among the nation's most expensive to join, but also enjoy the highest trainer-to-member ratio of any club outside private corporate executive fitness centers, where key managers are assigned personal assistants to maintain their health. Retention rates at ClubCorp's sports and business and sports clubs are 74%.

Club Insider News was interested in finding out more about ClubCorp's vaunted corpo-

rate philosophy of "STAR Service," how Tharrett and his team have utilized this philosophy as a management tool within the Athletics and Tennis product line and how employee partner commitment to its "Pride in Belonging" corporate values at the club level has contributed to ClubCorp's outstanding success.

Club Insider News: Steve, many people think of ClubCorp purely in terms of luxury resorts and country clubs, but there is a lot more to the company than just those clubs with a high-recognition factor, isn't there?

Steve: Yes, there certainly is. We do own many nationally-recognized properties such as Pinehurst in North Carolina (the world's largest golf resort, home to the 1999 and 2005 U.S. Opens); Firestone Country Club in Akron, Ohio (site of the 2002 Senior PGA Championship and home to the NEC World Championships); Indian Wells Country Club in Indian Wells, California (site of the Bob Hope Chrysler Classic); the Homestead in Hot Springs, Virginia (America's first resort founded in 1766); and Mission Hills Country Club in Rancho Mirage, California (home of the Nabisco Championship). These are the clubs regularly seen on television and connected in the public's mind with the ClubCorp name.

But, we own a lot of other properties, too, such as business and sports clubs, resorts, family-oriented suburban country clubs, international clubs, sports clubs and semi-private golf clubs. ClubCorp is currently providing a model for sports and fitness

clubs everywhere with millions of dollars being dedicated to convert many of our existing country, business and sports clubs into "generational centers." These include newer properties, such as the Countryside Country Club in Clearwater, Florida; and many metropolitan business and sports clubs, such as the Metropolitan Club in downtown Chicago; the Athletic and Swim Club at Equitable Center in New York City; the Downtown Club in Houston, Texas; the Rivers Club in Pittsburgh; and LeClub in Milwaukee, Wisconsin.

Each and every one of these clubs is part of the ClubCorp family, a community united by common goals and values, and this is one of the secrets of ClubCorp's success. It isn't the bricks and mortar of our facilities that keeps people coming back year after year...it's the sense of belonging to something bigger than themselves, of being in a place that is almost a second home...with employees that always put members' needs first. Yes, we teach people how to play tennis and how to exercise, but more than that, we provide them with a trust-based relationship. This is really the secret of our "STAR Service" philosophy.

The Club Corporation of America "Secret"

Club Insider News: This philosophy of service is one of ClubCorp's trademarks, isn't it? Can you give our readers some background on how it began and who was responsible for introducing it into the corporate consciousness?

Steve: It really goes back to our Chairman and Founder, Rob-

ert H. Dedman. His son, our present CEO, Robert H. Dedman, Jr. writes in his 1998 handbook, *Our STAR Service Journey*, that "the club business (and ClubCorp) isn't just a business to my father, it is a way of life, a passion." Dedman, Sr. likes to quote Longfellow's poem, *A Psalm of Life*, about the importance of leaving a legacy for the future, "footprints in the sands of time." That idea has really shaped the ClubCorp business model.

The Dedmans, both father and son, are passionate about wanting ClubCorp's legacy to be "huge," to have ClubCorp mentioned as one of the great customer service companies in the world, in the same breath as Federal Express, Disney, Nordstrom, and Southwest Airlines...They believe we can be the absolute best in the world, a leader among leaders. They believe this is our shared journey together, our common purpose built on the values, philosophies and traditions of the past 44 years.

In 1994, Bob Dedman, Jr. began to write *Our STAR Service Journey*, to provide a guide for our employee partners that synthesized ClubCorp's core values, common purpose and goals. He very concisely summarizes his (and Bob, Sr's) thesis that it's all about the heart, not about beautiful buildings or luxurious facilities. Father and son are totally sincere in these beliefs, and their passion for developing human relationships based on service is what permeates the entire corporation. It's what attracted me to ClubCorp 18 years ago. They really walk the talk.

A Terrific Club Corp Career

Club Insider News: So you've worked for ClubCorp for a good part of your career? Tell us how you got started in the company and the industry.

Steve: I've been involved with the fitness and sports industry for over 22 years, but I got into it quite by accident. In 1975 I graduated from college as a premed student. I was 22 years old and a wild man. I was accepted into medical school at American University in the Philippines, but at that time the Philippines were under martial law, so I decided to take a job, first as caddy master and then as assistant golf pro at a local country club instead. I soon changed jobs and spent nine months as manager/head pro at Forest Hills Golf Club in Elyria, Ohio. But, it was an all-day, all-night job. I was newly married. My wife wanted me to look for a new job, one with more regular hours!

My wife was a teacher at that time, so I obtained a secondary education certificate and

from 1976 to 1979 I was a high school teacher in Wellington, Ohio, coaching football, wrestling, etc. before and after school. I loved coaching. I established really good relationships with my students and felt that I helped them to make positive changes in their lives. I found that there was no better thing to do than help people... I think that was my Dad's influence. He always supported me one hundred percent and wanted me to achieve my dreams. He was close to legally blind, but he was always helping people.

>From the time I was 11 years old I had always enjoyed exercise, and I felt the kids I was teaching needed more of an incentive to embrace fitness themselves. So I started an after-school fitness club at the high school that proved to be very popular. But I felt I needed to extend my knowledge of sports and fitness if I were to be able to really help people in that arena, so I applied to and was accepted by the graduate program in Exercise Physiology at the University of Michigan in Ann Arbor. At the same time, I took a full time job as Fitness Director, with no previous experience, at the YMCA in Flint, Michigan. So I worked full-time and went to school full time, and tried to take as many of the "Y's" certificate courses as I could fit into my schedule.

I received an extremely valuable practical education during the time I spent with the "Y." I learned all about the fitness business and I learned how to work with and empower volunteers. But when I decided to start on my doctorate, the "Y" and I parted ways. My son and daughter were born during this time—my son in 1979 and my daughter in 1981. I also started volunteering at St. Joseph's Hospital in Flint, Michigan, where I learned all about cardiac rehabilitation and patient recovery.

Then, in 1982 I accepted a job as a corporate fitness specialist with Chemical Bank in New York City. I worked at both of their fitness centers and was paid more than I'd ever made previously. Because we were financially better off during the two years I spent with Chemical Bank, I started to get more involved with fitness industry and professional associations. But, I needed more of a challenge, so I also became active on local community committees. This experience really broadened my horizons.

Finally, in 1984, I was offered the position of Fitness Director at the Atrium Club, a ClubCorp property. I was dazzled by the company and by the job. I've been with ClubCorp ever since.

A Club Corp "Family"

Club Insider News: It sounds as if you really found a (See Tharrett page 10)

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...2001 In Review

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subjects were IHRSA President Joe Cirulli and incoming President, Geoffrey Dyer - IHRSA Celebrates 20th Year Anniversary In San Francisco. A bottom headline on page #3 also announced: NETPULSE REVIVED! This was our Special IHRSA 20th Anniversary Edition and it chronicled IHRSA's first 20 years as well as provided a full report on the happenings at the 20th Anniversary Convention and Trade Show in San Francisco, including the IHRSA Founders Reunion Dinner.

MAY- 2001- Our cover subject was Ground Zero's Roy Simonson - A Prolific Fitness Entrepreneur. Other cover stories were ClubCom and CardioTheater Purchase E-Zone Assets & Installation Base, Ed Williams Named President and CEO of Wellbridge and Busy Body Bankrupt!

JUNE- 2001- Our cover subjects were Ed Williams CEO and Art Curtis, COO, Leading Wellbridge. In this cover story we chronicled the long career of Ed Williams, Co-founder of Club Sports International (now Wellbridge) and his recent selection

to the position of CEO of Wellbridge. Other cover stories in June were ClubCom Rises To The Challenge and The STEP Company Becomes BODY TRAINING SYSTEMS.

JULY- 2001- Our cover subject was Mike Minton - "Thinking Outside The Box" - How Minton's SportPlex Dominates Its Market. This cover story on Mike Minton was a terrific tale of how his club rules his Texarkana, Texas market of 60,000 with his indoor/outdoor SportPlex facility and how he has grown it over the years. Other cover articles included Red Lerille named to Business Hall of Fame and Joe Cirulli Finishes Term As 20th IHRSA President. Red Lerille and Joe Cirulli remain two of the very best health and fitness club operators on the planet. Red is just finishing up his 38th year in business in Lafayette, Louisiana and Joe is in his 23rd year of business in Gainesville, Florida. Both men are giants in the club industry!

AUGUST- 2001- Our cover subject was Mike Motta - Plus One In The Big Apple! Mike Motta came to New York City as a former college coach and became a Manhattan Personal Trainer. Now Mike com-

mands 14 corporate fitness centers and a number of hotel fitness centers as well as a huge physical therapy and massage business. Motta told me in Orlando that his recently opened Merrill Lynch Fitness Center, a show piece for his company, was totally destroyed during the 911 attacks, but his company is doing O.K. in the aftermath of it all. Mike is a survivor as his office was lost as well as two other of his facilities. Other cover stories were: Geoff Dyer Becomes IHRSA's 21st President and Frank Trulaske Wins Fitness Industry Lifetime Achievement Award.

SEPTEMBER- 2001- Our cover subject for this month was scheduled to be Mike Arteaga - Playing On and Coaching An All Star Team! But, with our deadline scheduled for Friday, September 14th and the 911 attack on September 11th, I was able to contact Mike in Brazil to tell him that with his blessing, I would like to put our American Flag on the cover of the September, 2001 edition and move his team's cover photos to our inside front page. He agreed without hesitation, and we thank Mike again for his kindness and understanding. Other cover stories for September were Gold's Gyms Galiani Brothers Change Roles, ClubCom and

CardioTheater Merge, StairMaster Files For Chapter 11 Bankruptcy, Direct Focus Acquires Schwinn In Bankruptcy.

OCTOBER- 2001- Our cover subject for this month was Pat Laus - World Class Visionary and Creator of The Atlantic Club - One of the World's Top Clubs. The Pat Laus story is an amazing tale of true visionary thinking, planning and dedication to that vision. Pat has overcome many obstacles in her career and this story is truly heart warming. Other cover articles were: Club Performance Network and Health Fitness Corporation Announce Agreement and Bally Total Fitness Contracts To Buy Crunch Fitness.

NOVEMBER- 2001- Our cover subject for this month was Kenny Germano - Leading ACE Into the 21st Century. Ken Germano has had a very interesting and productive career in the fitness industry and his role now as Executive Director of The American Council On Exercise is perfect for his educational and business background. Ken has joined ACE's forces with IHRSA to promote and expand professionalism on all levels and he is a real asset to ACE and our industry in general. Other cover articles included: 9

Years and Counting!, IHRSA Clubs Help War Victims and Families and Fitness MX to Seek Suitable Suitor.

DECEMBER- 2001- Check it out and enjoy! And, STAY TUNED!

So, that's a wrap. 2001 In Review has just been a sample taste of what we've published in our last 12 months. Our December and 98th issue is now in print and we welcome you to order any of the past issues we've published over the last 8 years of publication. Past issues are available for \$5 each plus postage and handling of \$2. 12 past issues are available for just \$39. To order by email go to clubinsidernews@mindspring.com and provide the issue months desired, a Mastercard, VISA or American Express Card number, exp. date and authorization statement or fax your order to: (770) 933-9698 and we will get your past issues out to you.

(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates is a 28-year club business veteran. He was the 1st President of IHRSA and a Co-founder of the Association in 1981/82.)

Holiday Season Brings "HEALTHY" Profits to New, Entrepreneurial Club Owners

When you think of December in the health club business, you think of slow sales and low member traffic, but not for Dave & Cheryl Watson who own three, small fitness centers in Minnesota and Wisconsin. The Watsons are defying the normal holiday slowdown and enjoying both high sales and cash collections at their Winona, MN location. In fact, between the 7th and the 11th of December the club has sold 25 memberships representing \$17,000 in contracts. Even more dramatic is that they have had 10 walk-in's, in the last two days, when it's less than two weeks away from Christmas.

What is making the difference for the Watsons is the incorporation of the HEALTHY INSPIRATIONS weight loss & lifestyle program into their center. Dave, who has a background in nutraceuticals, got into the fitness business a short 14-months ago. He opened all three of his locations in a 6-month period. Although these smaller, boutique like fitness centers are doing well, Watson realized that two things were missing. One, a weight loss solution and two, a better income model because the



\$29 per month dues wasn't bringing in enough revenue to build he and his wife's retirement on.

Busy overseeing the three centers and lecturing around the country, Watson didn't have time to create a program. Enter HEALTHY INSPIRATIONS, which Watson discovered in a Club Insider ad. He wasted no time making a decision about the program, going from information gathering and evaluation to launch in just 6

weeks! Says Watson, "From the minute I received the information I knew that this had potential to be the solution I was looking for. After visiting the corporate offices, I wrote a check before I got back on the plane. It's a turnkey system that now has a track record and we're proof that if you follow the system you will succeed"

What really excites the Watsons is that all of the sales to date are to existing members who are already paying monthly dues. Their plan is to market to members during the month of December and prepare the staff for an external marketing campaign when the New Year comes. "I can only imagine what our sales will be when people start making their New Years resolutions," notes Watson.

HEALTHY INSPIRATIONS is a growing licensed weight loss program founded by industry consultant, Casey Conrad. Licenses are available to existing clubs wishing to add a profit center and provide their members with real, long-term solutions to weight loss. For an information packet call 1-800-725-6147 today.

...Tharrett

continued from page 8

match with ClubCorp. What was it about the company that attracted you so strongly?

Steve: The Atrium Club was a top-notch facility and the pay was good, but it was actually the "intangibles" that made me stay. There was a feeling of "family" at the club, a philosophy of service that really appealed to me. I also liked the company attitude of reaching for the best, of encouraging employee partners to be the best they can be. Steve Plakataris, the Atrium Club Manager at the time, became a mentor to me. I guess you could say my values were in alignment with ClubCorp's values. It really struck a chord with me. Actually, they made me what I am today—ClubCorp molded my best traits and showed me how I could obtain my goals.

Club Insider News: That's pretty amazing. It sounds like

ClubCorp truly "grows" its employees. You're telling us that this is a corporate culture that encourages continuing education, advance certification, and professional activities for every employee! We know that you have a reputation for providing educational presentations and seminars on creating great employees within a corporation... is that sort of development encouraged within ClubCorp even at the club level?

Steve: Absolutely. There is just so much integrity in this company. They will help each employee develop as far as they want to go. ClubCorp gives you the freedom to apply your trade and if you're willing to learn and grow, they'll make it happen.

I am a perfect example of their commitment to employee partners. I was always a maverick and a pit bull...I never did things the way everyone else did them. I always questioned authority, and if I hadn't left my former

jobs, I probably would have been fired from them at some point. Steve Plakataris at the Atrium Club gave me a chance to prove my worth even though I scored in the bottom ten to twenty percentile range on the company's performance test. He sent me to Dale Carnegie classes to learn public speaking and human relations; he helped me increase my ability to deal positively with other human beings. He really made changes within my life possible.

I've been with ClubCorp for nearly 18 years now. I started as a fitness professional at the club level, worked my way up to the department head level, then finally moved on to the corporate office. I served as ClubCorp's National Director of Athletics for several years, and for the past 6 years I've been Vice President of Strategic Operations.

Tharrett's Service To The Industry

During my tenure with the company I've been active in IHRSA and ACSM and served on many ClubCorp employee-based committees. I edited ACSM's book entitled, Standards and Guidelines for Health Fitness Facilities, 2nd Edition. I've been lucky enough to have been asked to be a keynote speaker and featured speaker at conferences and meetings all over the world, including IHRSA's International Conventions; Sports Industry, England; Asia Fit, Hong Kong; Bodylife, Europe; Australian Fitness Network, Australia; European Leaders Conference, England; and others. I even made a video for ACSM on "Developing a Great Staff" in 1998. We're experts on the subject of employee development here at ClubCorp and I like to think that I am helping to grow and develop new potential, just as years ago my mentors inspired me to find my own road.

Club Insider News: You forgot to mention that you served on the Board and also as President of IHRSA. Plus, you've served on several committees of the ACSM, including chairing the Committee on Health and Fitness Facilities. You've also been on the Advisory Boards for Star Trac, Stairmaster and Intelligent Health, Inc. All of this implies a substantial level of commitment and support for these activities, both in money and time, from ClubCorp.

Steve: I'm lucky enough to be a part of an organization that has the wherewithal and commitment to support my travel and professional development activities. I've always tried to participate in activities that other companies might find difficult to support, either because they are being held in a remote part of the world or require a sizeable investment of

Key Personnel in ClubCorp's Athletics and Tennis Division

Robert H. Dedman, Jr. - President and CEO of ClubCorp, Inc. and Chairman of ClubCorp USA, Inc.

Stephen J. Tharrett - Vice-President of Strategic Operations

Members of the Athletics Committee:

Richard Andre - The Center Club, Houston

Pam Koch - LeClub, Milwaukee

Ladonice Song - The Capital Club, San Jose

Jim Franklin - The Rivers Club, Pittsburgh

Robert Reed - The Westlake Club, Houston

Anita Palmer - ClubSource Purchasing

time or money. It's basically giving back to the industry. We can do it so we do.

Club Insider News: You've mentioned your Dad and Steve Plakataris at the Atrium Club as important mentors in your personal and professional life. Were you influenced by anyone else as you moved up the ClubCorp ladder?

Steve: My Dad was really my hero. I was adopted and had some self-esteem problems in school. I got into competitive weight lifting and my Dad supported me all the way. He was always there for me. I always knew exactly what I wanted to achieve and he encouraged me to be the best I could possibly be. My goal was to be the number one person in my industry by the time I was 40.

Once I became a member of the ClubCorp family, Robert H. Dedman, Sr. became a powerful influence on me. He's been described by one industry executive as "the Henry Ford of the club management business." He won the Horatio Alger award in 1989. He's not only the founder of our company, but a great human being. His influence is felt by everyone who works at ClubCorp. Robert Dedman, Jr. has also been very influential, not least because he succeeded in getting his father's vision and philosophy of service codified into a coherent message. By 1984, the company had grown so big that it was essential everyone involved with ClubCorp was working from the same page.

In my early years with ClubCorp, I read a lot of Ken Blanchard's One Minute Manager books. They got me to think about taking care of people and how important good communications skills are to the smooth running of a service business.

Richard Poole, one of the original founders of ClubCorp back in the '50's, mentored me for months while we developed a club project in Beijing, China. I gained so many insights from him on successful project management and devel-

oping good international relations.

Steve Plakataris, besides giving me a chance to develop as a human being, also taught me strategic planning—how to put visionary thinking into action and how to develop and influence teams.

James M. Hinckley, our Chief Operating Officer, joined ClubCorp as a teenager in a pro shop and now is responsible for growing all aspects of our domestic and international operations. He and Doug Howe, our Executive Vice President for domestic club operations are truly inspiring success stories. Doug joined ClubCorp in 1975 as a busboy at the Lakes Club in Arizona.

And, of course, every employee I've ever worked with over the years has made a difference. I've probably learned as much from them as anyone. Here at ClubCorp we talk about "having a servant's heart," and so many of our employees just give and give and give. Two that stand out in my mind from my early days with the Atrium Club are Yami Ortiz, who was a locker attendant when I first got to know her, and now works as an assistant accountant at the Athletic and Swim Club at the Equitable Center in New York City. I would love to clone Yami—she always goes the extra mile with everyone.

Another outstanding employee was Victor, a locker-room attendant at the Atrium Club who was fanatical about taking care of members' needs. He rubbed lotion on the back and legs of an 87-year-old member of the club every day, because the elderly gentleman couldn't do it for himself.

Club Insider News: Outstanding employees like Yami and Victor generally require outstanding leaders. What is your personal approach to leadership and how does it fit in with the ClubCorp corporate philosophy and culture?

Steve: I guess you could say that my approach to leadership is very Taoist, very influenced by the writings of Lao-Tzu, an ancient Chinese philosopher who stressed harmony and oneness with the universe. I was introduced to Asian philosophy at a very early age. My Dad was passionate about it; we had many friends in Chinatown. The Taoist approach to problem solving

(See Tharrett page 12)



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...Tharrett

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and leadership is very much in synch with my most innate beliefs. Taoism stresses that leadership is like the ocean to the river-it's always there, it lets the river find its own direction. We are all walking along a path to the same destination and our job is to help each other along the way. One of my favorite sayings is "Bad leaders are those whom the people revile, Good leaders are those whom the people praise, But great leaders allow the people to say, 'We did it ourselves.'" I look upon leadership almost as if it is the role of a partner. A leader's role is to encourage and assist, then stand aside so that the other person receives the credit or recognition.

ClubCorp is very much in alignment with this approach to management. Bob Dedman, Jr. continually stresses personal integrity and character in connection with the core values and purpose of the ClubCorp "STAR Service" business model, and underlines the importance of win/win relationship building throughout all levels of the company. He believes very strongly in the necessity of aligning shared values, company core strength and personal behavior to create an optimal business climate that benefits everyone. We all work toward a shared vision of success.

Club Insider News: We understand that you are a champion practitioner of several Asian martial arts forms, including kickboxing, shorin-ryu and Brazilian ju-jitsu. In fact, you have two black belts in kickboxing, don't you? Do you feel this is an extension of your Taoist approach to life?

Steve: I actually got into martial arts as a means of having a shared activity with my son, but I suppose it also serves as a means to achieve focus and reach deep within myself. I tend to want to be the best I can be in whatever activity I undertake. My wife and I took up ballroom dancing a while back as a means of staying connected with each other, and we are now silver-level amateurs in the waltz and tango!

Respect and Admiration For Tharrett

Club Insider News: We recently talked with your kickboxing teacher, Joe Lewis, of Joe Lewis Fighting Systems. He is a 10th Degree Black Belt Grandmaster, a 1st Heavyweight World Karate Champion and 1st Heavyweight World Kickboxing Champion. He says courage is your greatest quality, and that because of your courage you are always in the lead. He feels his motto-Cum Corde Et Animus-describes your

character perfectly. This translates as "having heart and being involved with the spirit of courage."

There is widespread admiration of you and your achievements within the industry. Rick Caro, President of Management Vision, Inc. in New York City says that you "have a knack for finding the right people and helping them to develop." Also, that you are "good at identifying star performers and empowering and retaining them." John McCarthy, Executive Director of IHRSA characterizes you as an "enormously productive and inspiring leader who is exceptional, hard working and committed." McCarthy also says, "There's no one who couldn't learn something from Steve and his leadership style...He truly walks the walk and lives his values." Is this star billing hard to live up to?

Steve: As I mentioned before, I have had inspiring mentors to emulate and ClubCorp has provided an environment that is allowing me to make a difference. I can't say it enough times-it is really the people here that are the company. The company recognizes, values, supports and rewards its people, as well as providing all of its employee partners with tremendous opportunities for growth and development.

Our Star Education System does a great job of reinforcing job performance. This is self-directed learning with a mentor that promotes ClubCorp's culture, philosophy and mindset. It's now available on streaming video, CDs and books, with regularly scheduled regional workshops and educational programs to enhance the learning opportunity. Any employee partner who wants to progress in the company can take advantage of numerous avenues for doing this.

A favorite saying here at ClubCorp is "hire tough, manage easy and promote from within." We have what I call the "4Es" of performance management: 1) establish expectations; 2) equip with education and resources; 3) provide encouragement; and 4) evaluate performance against expectations. The whole process works very well-our employee partner retention rates and member retention rates are way above industry average. For instance, our retention rate for department heads is 70%. We obviously are doing something right!

ClubCorp really takes a team leadership approach to managing its employee partners, rather than using an old-fashioned supervisory mentality. As you've probably noticed, we refer to employees as "employee partners" rather than employees or staff, and that attitude defines our approach to performance management. We encourage leadership, empowerment and problem-solving, rather

than directing, dictating or attempting to achieve compliance.

Club Insider News: Everything seems to lead back to your concepts of "STAR Service" and "Pride in Belonging." What components actually go into these performance models?

Steve: The concept of "STAR Service" provides the common values, philosophy and culture for all our employee partners. This includes the values that tell us "the member/guest is king!" and gives us our ten membership commandments. It also defines the most important element of value, the "intangibles" that make people happy. "P.R.I.D.E." is the process that results in our members and guests feeling a "Pride in Belonging" to the ClubCorp family.

"P.R.I.D.E." consists of personalized service, recognition and acceptance, involvement and communication, developing relationships, and education and growth. Personalized service is defined as taking the time to know members as individuals, getting to know their personal preferences, idiosyncrasies and tastes. They then become part of our extended family. Recognition and acceptance is characterized by calling each member by name, complimenting them on their contributions to the community, thanking them and making them feel welcome and accepted...By involvement and communication, I mean letting members plan events, sit on committees, make decisions. It's cheaper and easier to keep a member or employee partner than to create a new one, so you gain their acceptance to ensure keeping them. Developing relationships means creating personal relationships that makes the club experience valuable to people and makes them proud of belonging to their club. It's all about the club making a difference in the community. Education and growth is accomplished by helping employee partners fulfill their life potential. Oliver Wendell Holmes said, "Most of us go to our grave with our music still inside us." We want to bring out our employee partners' "music."

Club Insider News: What do you say to the nay-sayers who claim that ClubCorp's high level of customer service, state-of-the-art facilities and team management style is only possible because of your affluent demographic and unique locations!

Steve: I admit that our very favorable club circumstances, such as country club locations, contribute to our Athletic and Tennis Division's industry-leading retention rates. But, I sincerely believe that if it is scaled to local realities, our business model can be used successfully by anyone, anywhere. You can't

ClubCorp's Ten Membership Commandments

1. We shall constantly focus on creating value for our Members by living the values, philosophies and culture of STAR Service.

2. We shall have a membership admissions process that:

- a. is exclusive, and not exclusionary;
- b. has membership by invitation and helps create a waiting list to belong;
- c. creates a "Warm Welcome" for each new Member.

3. We shall have an active Board of Governors that is involved in the growth and retention of the membership and supports a variety of committees and events that reflect the varied interests of our Members.

4. We shall listen, learn and serve the needs of our Members and communicate with them to enhance mutual respect, trust and credibility.

5. We shall consistently provide personalized service by treating all Members the same by treating each one differently.

6. We shall constantly focus on the recognition and acceptance of our Members.

7. We shall foster involvement with the club by actively listening and having an open and honest dialogue with the membership.

8. We shall develop relationships among the Membership, foster camaraderie and facilitate the club's role as a good steward within the communities we serve.

9. We shall assist in the personal and professional education, growth and fulfillment of our Members.

10. We shall help the Members establish, perpetuate and protect the traditions, growth and profitability of the club.

be in what I call "sales mode," however. We are a people-intensive business, and it really depends on where you put your dollars. We spend more on payroll than on marketing and sales. Other clubs in the billion-dollar category put their most intensive efforts into sales and marketing. We're a different model-we are not interested in simply providing a facility with workout equipment. Our whole outlook is on developing long-term relationships that keep people coming back-hopefully over several generations.

Club Insider News: So where do you see ClubCorp and the Athletics and Tennis Division heading in the future?

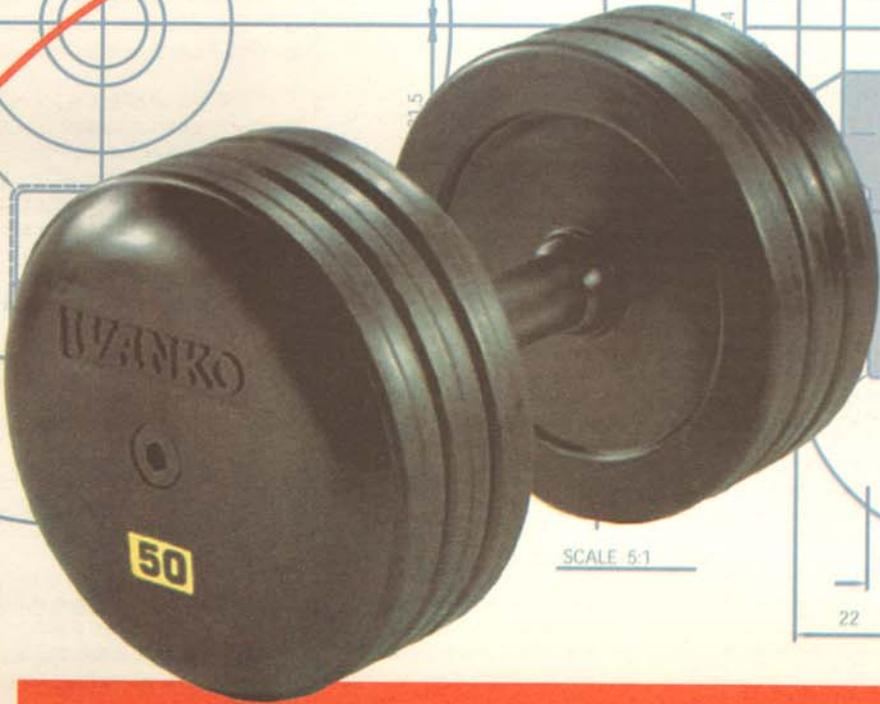
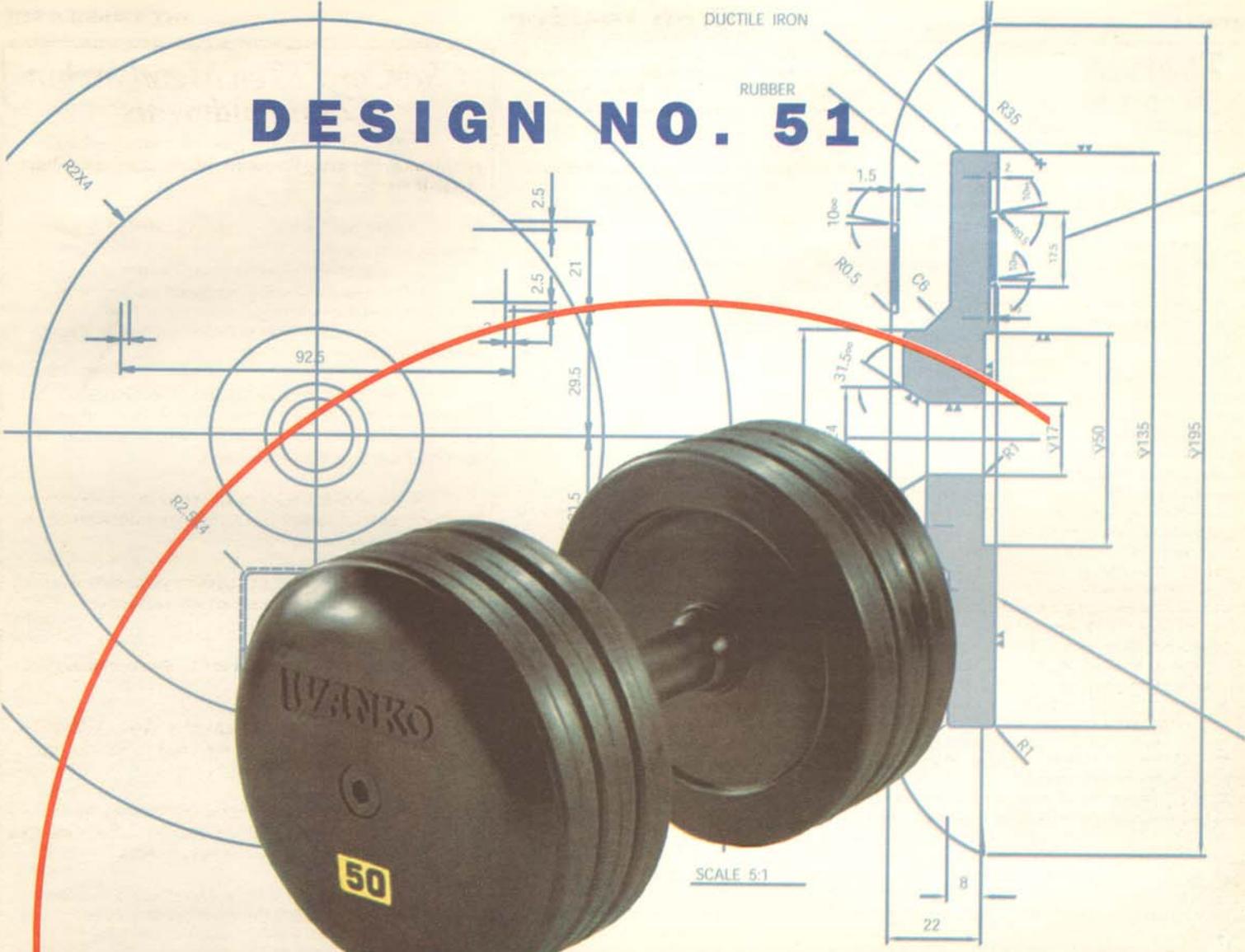
Steve: The direction we must take is being dictated right now by the rapidly aging "Boomer" population. More and more they are looking to us to provide that sense of belonging and community that they may not get elsewhere. The market is growing for our type of club experience, where personal relation-

ships and the comfort of a home away from home are provided to members of all ages, many of whom belong to multi-generational family units. And this population is willing and able to pay for their club services, as long as they believe they are getting good value for their money. ClubCorp is involved in a multi-million dollar expansion of many of our properties for just this reason-a growing need for what Bob Dedman, Jr. refers to as "generational clubs."

Club Insider News: Any final thoughts for our readers?

Steve: John McCarthy (Executive Director of IHRSA) recently said that, "ClubCorp is doing a brilliant job serving their chosen market." With our unique locations, pride in belonging, shared vision, participatory management style, loyal members, and high caliber of employee partners, I have to ask the question-who would want to work anywhere else?

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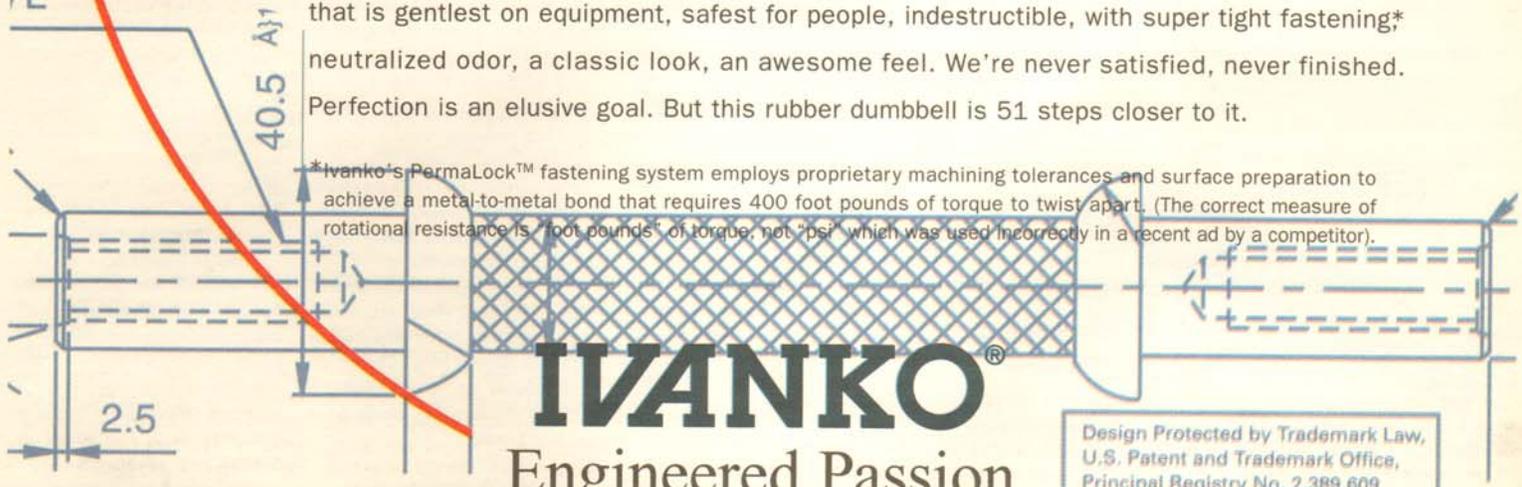


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The Inside Scoop on ClubCorp's Star Service Culture

By Kori Garner

With more than 250,000 family memberships, ClubCorp's tennis and athletic clubs abound with real-time stories of employee partners going the extra mile for their members to create what CEO Robert Dedman, Jr. calls, "magic moments." A "magic moment" is more than the simple fact that every employee partner knows every single member's name and greets them by name every time they visit. It is always a situation in which an

employee partner exceeds the member's expectations by providing a service that is both unexpected and personally helpful. Over time, ClubCorp members are treated to so many "magic moments" that their club experience takes on a flavor of its own, which Steve Tharrett refers to as the "intangible quotient," that trusting relationship between club and member.

Club Insider News writer, Kori Garner, recently interviewed managers, employee partners and members at several ClubCorp clubs across the country to get the "inside scoop" on

ClubCorp's "star service" and "pride in belonging" approach to customer service. Clubs participating in the interviews include: the Rivers Club in Pittsburgh, PA; the Downtown Club in Houston, TX; LeClub in Glendale, WI; the Athletic and Swim Club at Equitable Center in midtown New York City; and Kingwood Country Club in Houston, TX. We asked our participants to speak specifically on tangible examples of the five elements of ClubCorp's P.R.I.D.E Initiative—personalized service, recognition and acceptance, involvement and communication, developing relationships, and education and growth.

Here is what they had to say on-

Personalized Service

**The Rivers Club,
Pittsburgh, PA**

**Mitchell Laskowitz
General Manager**

With the Rivers Club
for 1.5 years

Every Wednesday on the business level, all of our members are given an opportunity to host a company introduction meeting that we call "Elbow to Elbow." The club provides fruit and cheese, as well as red or white wine, for up to 75 people. The members get a chance to network and connect with others and learn about their businesses. The idea of these meetings came from our vision of the club as a "home away from home and an office away from the office." We're here to help people grow personally and professionally.

Happiness is our business. We provide a new lifestyle for our members and we continually listen to them and try to meet their needs.

**George Moray
Rivers Club member
since 1988**

I lost my sight to Retinitis Pigmentosa in 1972. I've always been athletic and love to work out; it keeps me going and is a great release. I come to the club every day. The entire staff on the sport and wellness level assists me with everything I do -

from the lockers to the treadmills. I really appreciate their assistance. They are pleasant and willing, almost too willing, to help. If there isn't a person available at the moment I get there, somehow someone finds the time. They make sure I can get from machine to machine and they help with adjusting seat levels and weights if needed. The staff makes sure my next workout station is ready and even assists me to the River's Edge Café if I need a break.

There is no additional cost for this service. I know this is not part of the staff's job description—it is done out of the goodness of their own hearts.

**Craig White
Program Director**

With the Rivers Club for 4 years

About a month ago I noticed member Lisa Gordon liked to do crossword puzzles as she worked out on our cardio equipment. I put together some crosswords for her and so the next time she came into the club to do her workout she was greeted with a clipboard of crossword puzzles and a pen.

My goal is to see the problem so I can have a better chance of fixing it. Every day is different. I just try to have fun each day.

**Lisa Gordon
Rivers Club member**

My workout includes one hour of cardio exercise. To keep from getting bored, I multitask by watching TV, listening to my Walkman and working on newspaper crossword puzzles. When I found the clipboard of crosswords that Craig had put together for me, I was extremely touched and surprised...

The Rivers Club is a great place to be. I am a private person and can keep to myself, even though I know that the staff is open to my needs.

As a special example of this extra care, about six weeks ago my grandmother died and the club employees sent a flower arrangement to my home. I couldn't believe they would go to all that trouble!

**Judge Richard Morgan
Rivers Club member since 1997**

I had a reaction to some

kind of chemical at the club. I wasn't sure if it was the chlorine in the pool, the towels or what. The club employees worked with me to discover what was causing the reaction. They tested the chlorine in the pool and changed the detergent when washing the towels. Then they discovered that it was the bleach that was being used to brighten the towels that was causing the problem. To fix the situation, they now use a setting in the wash cycle that doesn't require bleach. This setting is referred to as the "Judge Morgan Setting." A load of towels is done just for me on that setting on a regular basis!

**The Athletic & Swim Club
at Equitable Center, Midtown
New York City**

**Jill Bauman
Club Manager**

With ClubCorp for 10 yrs./at
Athletic and Swim Club for 3 yrs.

At ClubCorp we take the exceptional things for granted. We know our members as individuals—we know their preferences, needs and desires. We treat everyone the same; we treat them all as individuals, whether they're a celebrity, a CEO or just someone who wants their privacy respected. If you treat people well by getting to know their personal preferences, they become your repeat and permanent customers.

As an example of small services we take for granted, our club offers complimentary shoeshines to our members; the attendants always have the correct pair of shoes ready and waiting when the member returns to pick them up. The same thing happens with our front desk personnel—they get to know members' locker numbers and have members' locker keys ready for them as they approach the desk.

**Morette Chery,
Locker Room Attendant at
Athletic and Swim Club**

One of our members recently had surgery done to both of her hands. After her workout she had trouble combing out her very long hair. She looked like she could use some help, so I asked if she needed any assistance. She was very surprised, but extremely grateful for the help.

(See Tharrett Pride page 16)

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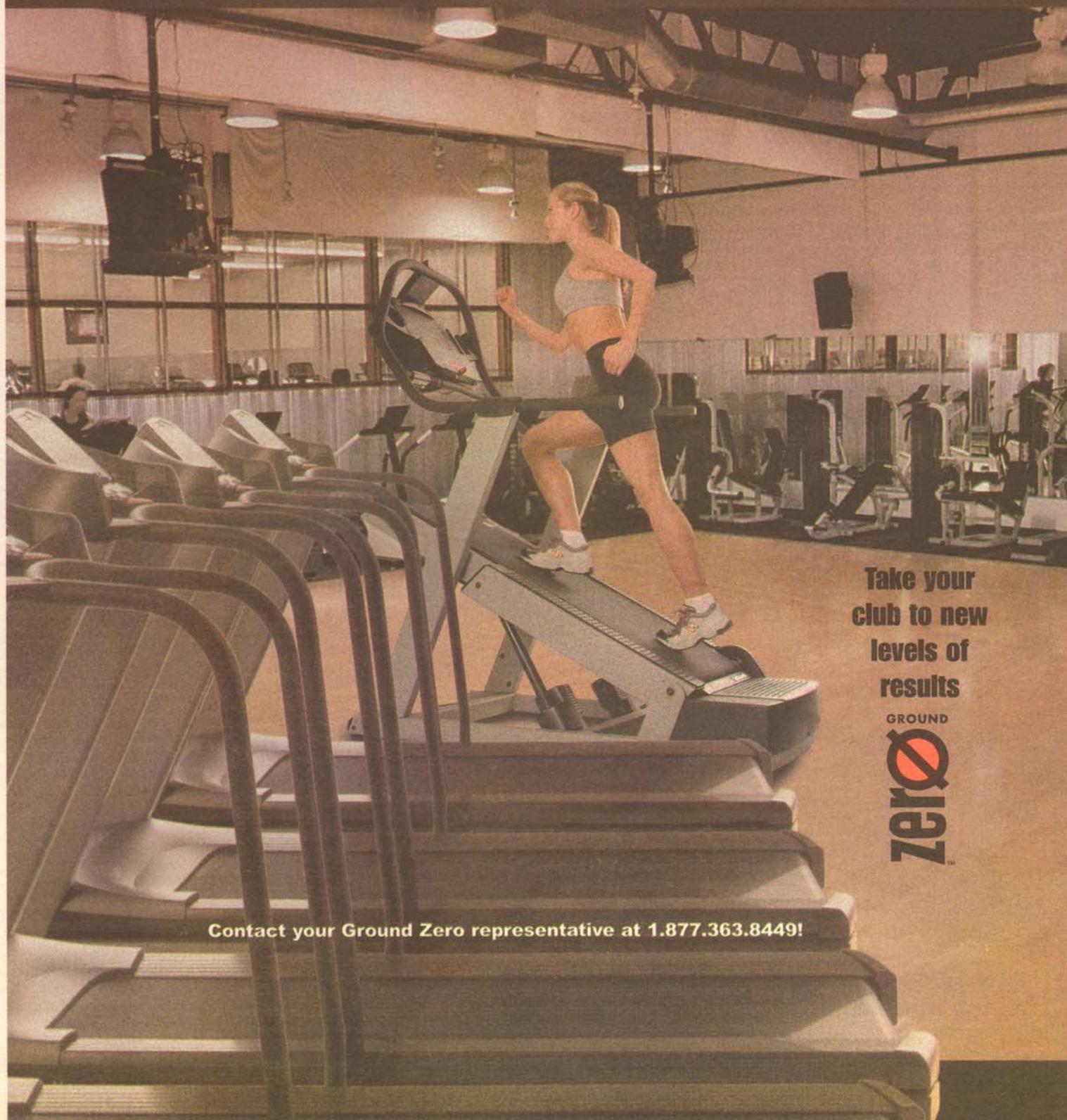
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...Tharrett Pride

continued from page 14

Tony Berkman

**Trainer at Athletic and Swim
Club for 11 years**

Club member Richard Goldstein REALLY LIKES a certain iced cappuccino after his workout, which is made at a coffee bar outside the club. I usually go out and get one for him, or if I can't, another staff member goes. As the weather becomes colder, we get him a particular hot tea that he likes. I also get Richard's gloves, headphones and water bottle from his locker to have them ready when he arrives for a session.

I think of personalized service as a by-product of knowing your client, developing a long-term relationship with him/her and taking the extra step(s) necessary to relieve his or her stress.

Recognition & Acceptance

Phillip Stika
General Manager
Kingwood Country Club,
Houston TX

With ClubCorp for 21 years/ At Kingwood for 4.5 years

Some people are just born with a "servant's heart". They enjoy the feeling they get from helping others. All that is needed for an employee partner to advance in this company is a great attitude and personality, and a constant striving to exceed members' expectations.

Many of our members find that they develop close relationships with the employee partners who serve them every day. Take, for instance, Kathy Sonneman and her husband, who have been members of our club since the late '70's. Kathleen plays bridge at the club every Thursday.

She is in a wheel chair and the staff makes sure that they know when she arrives so they can be ready to assist her to get to her game on time. Marie, our receptionist, is called by Kathy from her cell phone to alert the staff that she is on her way and Marie makes a point of letting a member of staff know that Kathleen is about to arrive. Kathleen looks forward to her bridge games and this added attention makes it possible for her to make each game free from interruption.

Kathleen (Kathy Sonneman)
**Longtime Kingwood Country
Club member**

I feel like the club staff are family. They are always happy to help.

For the past four years the Kingwood High School Drama Club has used part of the country club for a fundraiser. With help from many Kingwood employee partners, they create a "haunted forest" for Halloween. The staff clear away an area behind the club and get it ready for the high school students to set up. All proceeds raised by this charity event go to the drama club.

Also, each year, just before the Little League baseball season approaches, John Freeman, our club superintendent, lends his time and the club's equipment to getting the Little League playing fields ready. John rebuilds the pitching mounds and gets the fields in shape, so that when the parents and officials come out to prep the fields, there isn't much work left for them to do.

And, finally, I have to share a story about Rufus Loud, the lead chef in our clubhouse kitchen. After speaking with one of our members and hearing about her love of exotic dishes from around the world, then learning that she has a collection of international recipes, Rufus asked her to bring in her favorite recipes so that he could create a very special dinner for her birthday. Our member invited a couple of friends to join her, and on the evening of her birthday, in addition to cooking dinner for the rest of the club, Rufus created a special dinner from her recipes especially for her and her friends to enjoy.

Involvement & Communication

The Downtown Club,
Houston, TX
Mike Saldivar
Revenue Manager

With ClubCorp for 17 years;
 with the Downtown Club for 3.5 years
 Member involvement on

various club committees is critical to our success. We try to create an environment where members drive the fun. Fun is the magic created by our members who feel a sense of passion and ownership for the club. This is done through active member committees and boards.

For example, our members planned a Halloween party that 200 people recently attended. Funds were raised for a local charity that was chosen by the members. We also encourage club members to join different sports teams in the community-from basketball to softball.

One of our group exercise instructors came up with the idea that each member introduce himself at the beginning of his class by giving his name, company and role he plays in that company. I've been told by members, "That is so great. I wanted to know who that guy was" or "I have been wanting to speak to someone from that company." It's a great method for getting members involved with each other. We are all trying to connect and this is just another way to open up to each other. The more successful our members are, the more successful we are.

Another example of personal involvement with our members happened after the attack on September 11th, when one of our locker room attendants overheard that a longtime club member was killed in the World Trade Center collapse. I attended this gentleman's memorial service and heard his 34-year-old son speak movingly of his memories of spending time at the club with his father.

I really took this message to heart. I've since shared the story with all our employee partners and told them that whatever they do each day for our members can really affect them in untold ways.

Developing Relationships

David Coffey
General Manager
LeClub, Glendale, WI
 With ClubCorp for 26 years/ at LeClub for 18 years

We become valuable to our members by developing personal relationships with them. We do this in a variety of ways right from the beginning with new members. In our Quick Start tennis program our tennis pro sets up time to evaluate a new member's skill level. At this point, up to three matches are set up with

other members of an equivalent skill level. Likewise, in our Quick Start Fit classes, new members meet with our fitness instructor and are given equipment orientations and introduced to other members who have similar fitness goals.

I remember that one of our members got to know another member who was a doctor. One day, the doctor started to feel ill during his workout and his workout partner suggested HE see a doctor. He listened to that advice and, ultimately, went into hospital for a triple bypass operation.

Susan Zuelke
**LeClub Pro Shop Manager/
chairs LeClub Charity
Committee**
At LeClub since 1978

I enjoy helping people. I was so excited about chairing this Committee and helping to make community service a priority in our club. I am really fortunate that my Manager, David Coffey, encourages me to do this kind of community outreach.

A club member and I collect warm-up suits from other club members to be donated to the sexual assault treatment center at our local hospital. In sexual assault cases, the authorities need to keep clothes as evidence, so the warm-up suits give the women something warm and comfortable to wear at this time of crisis.

Another member of the club teaches tennis to deaf and hearing-impaired members of our community. Other club members donate their rackets and tennis balls, as well as volunteering to help with the teaching.

We have so many ways in which employee partners and members can reach out to the community. We're currently collecting coats for the Salvation Army, and for 20 weeks out of the year, on Saturdays, the club holds tennis clinics for inner city children. Club staff lead warm-up exercises before community runs/walks, and, since several of our members are Little League coaches; our club sponsors several of the local teams.

The Rivers Club,
Pittsburgh, PA
Mitchell Laskowitz
General Manager
 With the Rivers Club
 for 1.5 years

Our employee partners are leaders. They need to be sincere in who they are and what they do. They understand that each interaction they have with a club member matters and counts. Our
 (See *Tharrett Pride* page 18)

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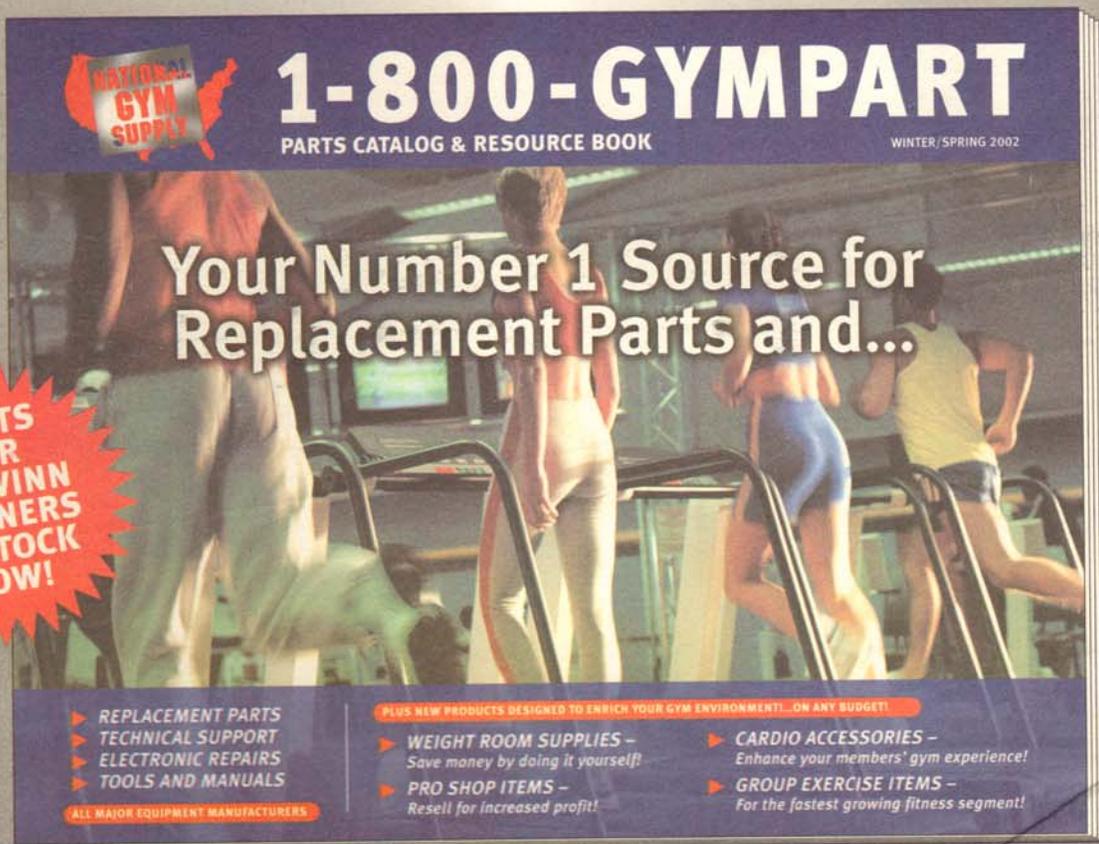
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Focusing on Three Perspectives for Increased Sales

By: Mike Campetelle

Given the times in which we live, it is not difficult for one's mind to wander in contemplation about the future, reflection about the past and trepidation about the present. It is of paramount importance that fitness sales professionals renew their focus on the skills and techniques that enable them to help others along their way to enhanced health and a better quality of life. In addition to basic sales techniques and systems, an understanding of the following three perspectives will aid in the conversion of prospects to members. These perspectives are:

- 1) Understanding prospects' needs.
- 2) Understanding the club's role as a destination.
- 3) Understanding the club's value.

Understanding Prospect's Needs

Each and every prospective health club member has his own personal and specific needs that he is seeking to be met by becoming a member of your facility. The only way to determine what those needs are is to perform an in-depth needs analysis. The needs analysis should be the second step in the sales presentation following the meet and greet stage and should be done sitting down, in a semi-private, non-threatening environment, using a professionally printed needs analysis form. It

...Tharrett Pride

continued from page 16

club members recognize and applaud this sincerity and integrity.

Our club creates lifelong, memorable relationships. It plays a role in people's lives. Many of our members are influential in the surrounding business and civic communities and by anticipating and meeting their needs we receive back their generosity in time, influence and creativity.

Developing relationships with our members leads to the forming of greater relationships. For instance, our members have helped opened the doors of the leading companies in downtown Houston, so that we can create additional relationships

is here that the fitness salesperson can continue building rapport and ask the type of questions, the answers to which will provide the content and structure of the sales presentation.

What makes a needs analysis effective is not only discerning what a prospect's motivation is for joining but also the underlying reasons as to why this decision is important at this particular time. It is important to uncover the whys to the whats, because people make decisions based on emotion and justify them with logic later. As an example, if a prospect responds to the question "What goals would you like to accomplish at our facility" with the answer, "I'd like to lose some weight... about 25 pounds" losing 25 pounds is a logical goal in that 25 pounds of weight is merely a substance. The emotional component to losing the weight is elicited when a prospect responds to questions like, "Why is that important to you now?" "What would losing that weight do for you?" or "How do you think losing that weight would impact your life?" The answers to these types of questions will help to uncover the emotional motivation of the prospect and thus in a more emotional charged state, the prospect is more likely to say "Yes" to joining your facility.

It is important to realize that prospects join health clubs for reasons other than for physiological change. This

with additional opportunities for business.

The support our members give to local and national charities is endless. For example, after the attacks on the World Trade Center in September, our club chose to raise money for the New York Police and Fire Department Widows and Children's Benefit Fund. In October, new members were able to donate their club initiation fee directly to this fund. Also, all the country clubs in the city of Houston, including the Rivers Club, opened to the public for one day in October, dropped their fees to \$50 per round with a golf cart and donated the day's proceeds to this charity. Club members interacting with the community have driven all these efforts and more.

point leads to the next perspective.

Understanding the Club's Role as A Destination

Health Club is a fairly generic name associated with facilities, which provide exercise equipment, instruction and programs. Whether a facility has the word "club" in its name, or not, it is still a "club" which, as defined by The American Heritage Dictionary, is "A group of people organized for a common purpose...the building or other facilities used by such a group." The health club is a destination where people with like interests can go and be together, share conversation, watch television monitors and commiserate together. This opportunity that the health club offers to enhance the feeling of community and increase "social currency," a feeling of connectedness among individuals, is more important now than ever before. In his book entitled "Bowling Alone-The Collapse and Revival of American Community," Robert Putnam reports that "In 1992 three-quarters of the U.S. workforce said that the breakdown of community and selfishness were serious or extremely serious problems in America." The events of the past few weeks in America have served to strengthen social cooperation, renew a spirit of common purpose and forced most people to re-evaluate life priorities.

Fitness sales professionals need to be aware in this

psychographical shift and realize that for many members and prospective members, the health club as a home-away-from-home destination provides a gathering place for people interested in their own health as well as the health of their community.

By asking a prospect lifestyle related questions such as, "How do you currently spend your discretionary time," or "what other roles aside from fitness do you think the club could provide for you?", the fitness sales professional can either confirm the prospect's need for increased social currency, or enlighten the prospect as to that available role of the club.

For some members and prospective members, current events have provided a catalyst for re-evaluation of how discretionary income is spent. This brings us to the final perspective:

Understanding the Facilities' Value

Certainly in times of economic flux certain non-essential purchases and travel are assigned lower priorities for most individuals. Fitness sales professionals realize that in these times health club membership presents an even greater value than ever. The reason? Comparison. When one looks at the comparison between the monthly dollar investment of health club membership and other options, the club membership option emerges dramatically attractive. Assuming +/- \$65/month for club membership, consider the following:

* Ski for ONE day per

rent. It expands their ability to train their clients-our members. It's unique because our trainers get the opportunity to choose the specific training that is most useful to them personally...

Each year ClubCorp also hosts a national athletic meeting at one of its resorts. This is a marvelous opportunity for our club's employee partners to network with other ClubCorp employees and learn more about our company and the fitness industry in general. It's also a great time for teambuilding

Michael Walker
 Personal trainer with Athletic and Swim Club for 13 yrs.

Over the years I've worked throughout the entire club. I started in the laundry room, worked the front desk, and then was the fitness floor manager. Now I am a personal

trainer and teach group exercise classes. I really know this club and I've been told that I'm one of its most requested trainers.

* Dinner and drinks for ONE or have the option to go to the club EVERY day.

* Buy ONE HALF pair of the latest athletic shoes or have the option to go to the club EVERY day.

* Attend a concert ONCE or have the option to go to the club EVERY day.

* Have a comfortable environment, filled with attractive people (in body, mind and spirit), sharing commonality in health, fitness and social community... PRICELESS!

In Closing

Fitness sales professionals always need to have their finger on the pulse of the marketplace feeling for changes in such things as buying motivation, personal priority assessment and shifts in what consumers' expectations are relative to their health club experience. By truly understanding a prospect's needs, realizing that the club provides a destination farther reaching than fitness attainment, and knowing that dollar-for-dollar a health club membership is one of the best investments in the marketplace today, fitness professionals can help more people, have more health and happiness than ever before!

(Mike Campetelle is a speaker, trainer and consultant to professionals in the health and fitness industry worldwide. You may contact Mike at: PO 272, Storrs, CT 06268, Ph.# 860-487-5905, Fx.# 860-429-7018, Wondermike@rcn.com)

Obviously, ClubCorp inspires passion, loyalty and a sense of esprit de corps in both its employee partners and its members. No wonder then that John McCarthy, Executive Director of IHRSA says, "ClubCorp and its "STAR Service" philosophy is a wonderful model for the entire industry."

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Selling Memberships Is Easy!

Prospecting, Production and Accountability. That's the Hard Part

By: John M. Brown
President - Professional Club
Management, Inc.

In the competitive world of the club industry the major difference between the haves and have not's is the profitable clubs produce and generate revenue for the club on a consistent basis. All the walk-in's and Telephone Inquires are a bonus. Remember you can't predict on whether the phone will ring or someone to walk in everyday or even on a consistent basis. Clubs who operate under that mentality and philosophy are like "Leaves being blown in the Wind", subject to all the possible things that can affect traffic or interest. Profitable operations "Plan to Make Money", everyday, yes including Sundays.

Profitable long-term successful clubs seem to have several important characteristics. I will list them below. See how many or if any you have.

1. They seem to wake up in the morning and think; We're not going to make any money today! They spring from the bed considering themselves basically unemployed for today unless they act to produce and generate revenue. Every day is a clean slate, what happened yesterday is only important in the total scope of things. The trick or theory is to learn to string together day after day after day after day (You get the idea), of production and income generating days. Kind of like "Groundhog Day" only with you determining your own positive outcome daily. Someone really smart once told me "Basically this business is being able to do the same basic things day in and day out and do them very well all the time". Ask yourself, Are the basic fundamental processes and operations of our sales process being done everyday and are they being done well? I could tell you a bunch of new fangled, top secret, consultant ideas right now but if the above is not occurring that is where you need to start first. When you ask your staff if this is being done or that being done then go further and ask them to verify it. If you give them instructions regarding something you think is important or useful and they say "Were already doing that" or "I Know that", it usually means they are doing it however they damn well please. Check! Verify! Validate! Reconcile! Don't fall into the trap of "The illusion of Perceived Reality", thinking one way then only to find out after close inspection that practically nothing is being done and if it is its not being done proficiently.

2. Successful Clubs have a production environment, production attitude, production philosophy and what I call a "Production Conscious". "Production Conscious" occurs when you and your staff feel respon-

sible, duty bound, and a moral obligation to produce revenue every day. I may have even said this in my last article but it seems appropriate here again. Peter Drucker, the father of modern management philosophy, and the foremost authority on business management says this, "A Business has a moral obligation to make a profit" "An obligation to the customers, vendors, employees, and shareholders". There is nothing evil about making money if you do it legally and ethically. Your production people are there for this and only this reason. If they are not doing it or don't want to do it or just want to be "Order Takers", start looking for people who have a conscience and work ethic. Remember this simple but difficult management theory; Your people do what you allow them to do. If they are not performing its usually not their fault. Go look in the mirror. That's whose fault it is. Your role as a manager or owner is to manage, guide, direct, monitor and ensure you people have every tool they need to do their job effectively and most important but most neglected adequate training and skills.

3. Successful Clubs Plan to make money, IN ADVANCE! Making it up as you go along is something we all have been guilty of one time or another. Successful clubs plan (in advance) daily, weekly, monthly, yearly and even forward plan for the near future usually the next 3-5 years. Everything from rate increases to growth strategies to marketing and even projections based on that forward plan to see if its achievable and to use it as a road map and score card to gauge success. If a salesperson wakes up in the morning and has no appointments or even a specific plan as to how they are going to get appointments then they are basically unemployed. Think about it, you pay them some kind of salary as part of their pay package right? Well that's not "Free Money". Remember, in most settings, salespeople are compensated a commission when they sell something, possibly a bonus if they are meeting or exceeding your standards for them. What's the salary for? I tell you what its for. Consistent, day in and day out multi faceted efforts and results in generating revenue. Yes, that dirty word many salespeople loathe, Prospecting. In my humble opinion, there is no other skill or requirement that is more important for a salespersons success then prospecting. I hate to break the news to you but if this industry is going to grow as it's predicted to or we hope it will then "You gotta go get them". My God, it's hard

enough for a poor prospect just to walk in the club for information, but they have to be self-confident and self motivated too? Good luck. It isn't reality. My perspective is and has always been that all those people who are out there and not in our clubs haven't had even a personal invitation to come try the club. Fact: Most of them don't even know you exist or that you are there. Fact: Even if they do know you are there they have already forgotten. It's not something people drive around everyday and think about. Fact: Most of them who have been asked to come to the club either haven't been asked in the right way, often enough, with any passion or compassion, or have "Dropped through the cracks" somehow. Believe me there are a lot of cracks to fall into. Fact: Hate to tell you but most people don't think or perceive exercise to be much fun. In fact many of them think it has to be painful to be good for you. You know the "No Pain No Gain" quote. I bet you 80% of those that aren't with us can recite that verse. Fact: Many people out there have had bad experiences or have suffered frustration, difficulty and most importantly failure. It's the end result, failure that hurts the most and keeps them away. Who wants to subject themselves to something that they've failed at before? You may see the as road blocks but when I sit around long enough and start think about it the opportunities that exist for us to reach, touch, help, change their opinion of us, and most importantly change their lives, it give me chills. How do you reach these people? Yes thru various advertising and marketing mediums, but where the exponential growth exists is in our disciplined, professional, consistent, persistent efforts to "Go get them". There are literally thousands of creative ways to prospect and none of them have to be "Cold Calls". I have a list of some 50-75 basic 101 prospecting vehicles that could be helpful. Anyone who wants a copy of one, just call, email, write, yell and I will send it to you for free.

4. Successful clubs have nearly "watertight" guest procedures, policy's, control, and knowledge of every guest's whereabouts, who's responsible for them, what the current status is. I've said this before but, Sales is a managed process. If managed properly and well the natural conclusion and result is a new member.

5. Successful Clubs have performance targets and hold people accountable for producing their share. Accountability in the club industry, now that's something

to ponder on. Everyone from where I'm from always asks me, "What is it you do"? "When are you going to get a real job"?, or my favorite, "When are you going to buckle down and make something of yourself"? They have no idea what we do and that it is real work. My point is this, those same people, or the people who are out in the "Real World", have reasonable levels of performance and accountability for what occurs or doesn't occur. They didn't teach me in college about accountability. I had to find out the hard way. But why should our industry standards and expectations be any different than any other successful business? I'm not saying holding people accountable is easy or fun. It takes time to know how to deliver this message to someone and many times you have to deliver it in different ways to different people. But at least begin. Start. Make mistakes, but start making people accountable. Not holding people accountable is of epidemic proportions in the club industry. Status Quo behavior will not be acceptable, if you have a Status Quo attitude towards production and the accountability associated with it I promise you are going backwards. Lassie Faire attitude wont work either. "What happens, happens" means you are at the mercy of inconsistent, unpredictable sales and performance. You are doing them a service and your duty in holding them accountable and being up front and fair about where everyone and their contributions stand. I know it's hard. But start. You will see improvements.

In my humble opinion, actually selling the membership is the easy part. In fact it's so easy that people complicate it. Many times I have witnessed a prospect teetering on the verge of making a good decision and the salesperson talking them out of it. Sometimes you have to just "Get out of the Way" and let them join. The more a salesperson talks generally the worse the results are. I don't know about you but I like salespeople who make me feel recognized, make me feel important, actually listen to me and retain what I said, and most importantly, let me talk about my favorite subject. Me. Anybody, I repeat, anybody who can follow a few basic guidelines can actually sell the membership. I could train the water fountain to sell a membership. But the difficult part lies not in actually getting them to join but in just getting there at all!

These are just a few of the characteristics I see as a common thread in successful and profitable clubs. I hope you are doing all of them and if not try to emulate some

or all of them. Below I will give you some key concepts, thoughts and specific advice, which I believe used wisely, can improve any operation.

* Without prospecting and outreach by your staff you are basically paying for order takers. If you're going to do that you would be better off setting up a table at the front door and take orders. When I train salespeople the first thing I teach them about is prospecting and creating business.

* If you don't have written, formal production targets both individually and as a group it's going to be hard for you to hold anyone accountable. Set written, formal targets, which are achievable and do them in advance. Also sit down with each individual and explain to him or her what all this means and frame it to him or her as this is going to be your contribution. Then monitor it daily and coach them a little bit at a time not explode on them all at once at the end of the month when it's late to do anything. Get or develop a daily sales flash report and demand it to be done and accurate everyday. Then analyze it daily so you can change the direction of an individual or the group today not later. If you don't have a daily sales flash report or would like one call me, email, write, shout and I will send you a template, which you can customize for free.

* Remember that the money in this business is in the details and how well you manage them. Eliminate as many cracks as you know how to.

* Invest time in training and retraining your staff consistently it is absolutely necessary to a profitable organization.

* Make sure you know for sure what is going on from a sales operations standpoint. Validate, Verify, Reconcile, Inspect, but make sure.

* Remember the harder it is to "Beat the Club" the more members you will have. Stick to your policy's and rules and make prospects compelled to join through controlling access and usage.

I want to end this article with some very important business principles I heard one day from an old lady from the south part of Missouri. She said this; I have three principles of business. I said what are they? And she answered

1. Get the Money
2. Get the Money
3. Get the Money

Make the most of every opportunity and make sure you are "Getting the Money".

(John M. Brown is the President of Professional Club Management and may be reached at: (913) 557-9018.)



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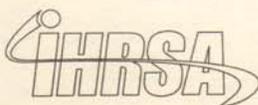
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Keys to Long-Term Success with Pilates-Based Programming

By Joy Karley, MA

With all the recent buzz surrounding Pilates and Pilates-based programming, many clubs have either added or are looking into adding this popular new service. While the traditional, studio-based Pilates programming is thriving in many areas, club owners and fitness entrepreneurs have been cautious to jump in with both feet. As the initial success of many clubs and chains' first attempts at Pilates-based programming has fizzled or failed as the months draw on, second-thoughts about investing in this programming are understandable.

The key to starting and maintaining a successful, profitable Pilates-based program is to recognize and address the barriers to entry. There are three primary barriers to entry for a successful Pilates-based program:

1. Finding - and keeping - good instructors
2. Meeting space and equipment requirements
3. Creating member awareness and demand for a premium ser-

vice

First, the instructor is essential to a profitable program. Without the instructor, it is impossible for the machines to earn revenue. Many clubs purchase an abundance of equipment and hire one instructor. To maximize your return on investment, we suggest a reverse formula - purchase the minimum amount of equipment necessary to start your program, and invest heavily in your staff.

The machines can only generate revenue when they are in use, and they can only be used when there are instructors available to teach on them. The more instructors you have, the more sessions you can sell, and the more revenue you will earn. The instructors must be well trained and knowledgeable. They must teach safe, quality, results-oriented programming to attract and keep members in the program. They - and their clients - sell the program.

As with anything, there will be turnover and a need for growth. To maintain a successful program, it is necessary to continually train new instructors to replace any who have left as well as meet

the demands for expansion. Equally important is the continuing education for instructors. This prevents instructor burnout and client drop-off due to boredom or plateaus.

Next, it is imperative that the appropriate space be created and devoted to the program. The rooms for both group/floor and machine programming require adequate space for movement, at least two mirrored walls, and some degree of privacy or separation. Clients need to be able to use the equipment and perform the exercises without interference from other members. They need to be able to check their form in the mirrors to perform exercises safely and correctly. And they need to be able to hear and communicate with the instructor without having to shout over background noise.

Not only do the above measures ensure a safe, pleasant environment for your Pilates-based program, it physically sets it aside as a premium product. Clients feel they are getting ample value for their dollar, and they enjoy even a more private atmosphere. If they feel they are getting an elite service, they will be willing to continue paying for it.

Lastly, members must be

aware of the value of this type of programming and willing to pay for the premium service. The program must be marketed and promoted as a premium product offered above and beyond the basic club services and programs. This is a specialized program requiring extensive training for instructors. The members need to pre-register for sessions, and should be able to choose from a menu of services.

Marketed as more than just Pilates, your program should be sold as a series of different products to attract different clients. Options should include choices of group size, session length, and training focus. Private training is obviously the premium service, but small group training can be sold for groups of 2, 3, and 4 members to keep costs down for members while still generating premium revenue and offering the benefits of a semi-private session. Members should be able to choose among various session lengths - 30, 60 and 90 minutes. And while retaining the core concepts and philosophy of traditional

Pilates, the formats offered should be progressive, contemporary, and meet a wide range of client demands. Market the benefits not just for the client typically attracted to "Pilates" - women who read about how it can "tone your butt and thighs" - but also for men, athletes, anyone with posture issues or back problems, anyone wanting an effective strength and flexibility program, etc.

With any major investment, start-up costs, maintenance, and return on investment are a concern. As many have experienced, however, bargain-basement deals and cutting corners can backfire down the road. Cheaply made equipment and poorly trained staff is a quick road to failure as clients lose interest due to stagnant programming, lack of results, or worse - injury - and irreparable machines.

Rather than thinking of Pilates-based programming as just another group fitness program or some new exercises for personal training, take a different approach. Think of it as you would a premium spa service. You wouldn't seek out massage therapists willing to work for minimum wage. While you might not seek out the most expensive, either, you'd prob-

(See Joy Karley page 24)



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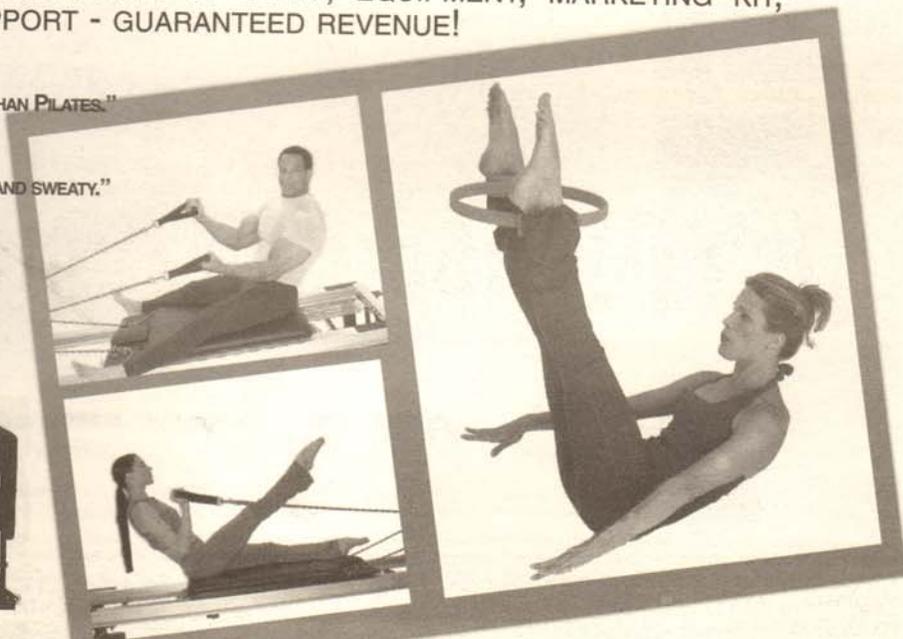
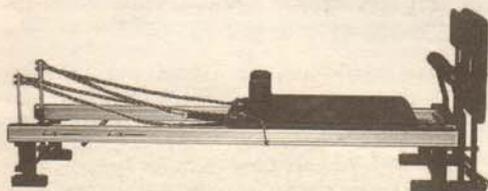
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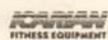
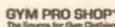
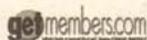
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THE MILNER REPORT

News and Views on Aging

In a recent article that I wrote, I interviewed a variety of hospital wellness center directors to get a better feel for their involvement with the older adult market. According to current research, the 50-plus market accounts for 45% of hospital wellness centers memberships, as opposed to 13.9% for the club market. My findings concurred with the research, showing between 45%-50% of these hospital wellness members were over the age of 50. The burning question was why?

The consistent and undisputed answer to this question, according to the directors interviewed, was the inherent credibility these facilities gained from being part of the hospital. A consistent theme throughout my interviews was the need for highly educated staff to deal with the specialized conditions of this market as over 50% of their members had some form of chronic or health-related issues. This was the key to their extremely high level of physician referrals. In the case of East Jefferson Hospital Wellness Center, 2000 of their 3500 members came from physician referrals. Imagine the type of impact this type of referral would have on your business. Now ask yourself this question: What's stopping me from partnering with a hospital in my community?

It's a different business model, but so was aerobics when it changed the landscape of the industry in the early '80s. To catch the age wave, the model needs to change. The needs of the older adult are not the same as the younger adult.

The objective of this column is to highlight the many challenges and opportunities that occur within this market and to challenge you to ask, "What if? If I did that, how would it impact my business now

and into the future? They say knowledge is power, but that only applies if you do something with it.

In this issue of the Milner Report we cover the latest headlines associated with the health and well-being of the older adult. I encourage you to take this research and ask yourself how you can benefit from it? Then create your action plan.

Older Men Show Their Power

Older men with low levels of testosterone can literally drag themselves away from frailty and dependence by combining supplemental doses of the male sex hormone with rapid-movement weight training, a study finds.

The participants in the study did eight-repetition power lifts twice a week to strengthen their legs, progressing to heavier weights as they experienced strength gains. However, the objective of the research was not only to make the men stronger; it was to have their muscles respond quickly, as they would to prevent falling.

At the end of the year, both exercise groups that participated in the study had improved, however the participants who got testosterone supplements improved more. The exercise-plus-supplement group had raised performance by close to six-fold, while the exercise-alone group had improved by almost fivefold. Some of the men were lifting 600 pounds - weight you would typically see their younger counterparts use.

The gains were almost miraculous, as men who had walked with canes no longer needed them. The exercisers walked faster and could get out of a chair more easily. And even after the study, the men continued to do exercises.

Find out what they did and with whom they consulted to develop the program.

Don't try to re-create it yourself. This is more akin to starting a martial arts or ballet program than a traditional fitness program. If you've not trained in these disciplines, you wouldn't try to create your own martial arts or ballet program with just a little research and a brand-new instructor fresh from a 3-hour crash course. Likewise with Pilates-based programming, turn to a professional consultant to help you set up and launch your Pilates-based programming.

And remember, once you launch your program, the work is far from over. Upkeep is vital to growth and profitability. Yes, additional costs are involved, but if the pro-

The study shows the distinct need for and benefits of power training for older adults of course through a well-supervised and monitored program.

The Power of the Mind

When scientists looked at the medical records of 1306 Boston men who took part in an aging study, they found the ones who developed heart disease were largely the ones described by standardized personality tests as pessimistic.

In assessing mental states, the Harvard study used the Minnesota Multiphasic Personality Inventory determining whether a person was an optimist or pessimist. In general, optimists attributed bad events to forces beyond their control, while pessimists tended to blame themselves when things went wrong in life. Optimists also tended to think unfortunate occurrences were fleeting, while pessimists thought they were chronic.

"For hundreds of years we have had this intuition that positive thinking is good for your health," said the researchers, "now we have documentation for that."

SOURCE: Harvard Medical School

Eat More Often

By George, I think we finally got it right: eat more often. Okay, maybe this is a little misleading. But according to research published in the December 1st issue of the British Medical Journal shows a person's cholesterol levels may depend not only on what they eat, but also

programming is generating sufficient revenue, it substantiates the cost of the upkeep in order to facilitate growth and yes, increased profitability. A stagnant program will suffer attrition, so variety in programming is the key to keeping clients in the program. Once the instructors are trained and have a basic level of experience teaching the program, they must continually learn new programming and take advanced training to keep the program interesting and dynamic.

Something many clubs overlook when launching a new program is turnover. Any business, no matter how loyal and well-compensated the employees, suffers turnover. Whatever the circumstances, it is a natural

how often.

The researchers found that middle-aged and older adults who ate frequently throughout the day had lower "bad" cholesterol levels and showed a decrease of approximately 5% in concentrations of total cholesterol and low density lipoprotein (LDL) cholesterol, compared this with those who tended to indulge in one or two huge meals per day. And this decrease was despite the fact that the frequent eaters, on average, had a higher calorie and fat intake.

The findings author stated that the reasons could be "that frequent eaters metabolize what they eat rather differently than infrequent eaters."

"We should stress that our data does not provide evidence for advocating frequent snacking on junk food, said the researchers, "we should first and foremost eat more fruits and vegetables and cut the saturated fat intake."

SOURCE: British Medical Journal 2001;323:1286-1288.

Eat More Often... But Eat Less

Cutting calories has been shown to extend the life span of mammals, and now it seems a strict diet can even buy extra time for an already long-lived mutant mouse.

Scientists say their success in extending the lives of the unusually aged rodents was a surprise—one that gives more weight to the idea that counting calories may help people lead longer lives.

There is "an emerging concept that limited availability of food can lead to physiological adaptations that favor survival," said the research-

part of business and can be offset if addressed in the planning stages. Whether 2 of your 3 instructors move out of state or your program is growing so fast that the initial 3 can't handle the client load, if your program is successful, chances are you will need to add instructors on a yearly basis.

Look for educators that offer not only group rates, but also long-term relationships to save on education costs down the road. Better yet, look for consultants that will create customized packages for your club - education/certification, equipment, programming, and marketing inclusive. Consider licensed programs, which provide marketing and recognizable branding. Some providers and consultants will even come in-house for education and training.



Colin Milner

SOURCE: Nature 2001;414:412.

If you would like additional information on any of the above research or have a question you would like answered, please email me at ColinMilner@icaa.cc or call toll free 1-866-335-9777

(Colin Milner is the CEO of the International Council on Active Aging. He has 19 years of industry background including club management, consulting, and publishing, and is the former President of IDEA Health and Fitness Association and Chief Operating Officer of the Keiser Institute on Aging. He has authored over 60 industry articles and has been interviewed extensively in leading publications such as, *The New York and Los Angeles Times* and *The Wall Street Journal*.)

Pilates-based programming is hot right now, so now's the time to make your move. Just do your homework, choose the best program and equipment for your market, and don't get burned trying to cut corners or re-create the wheel.

(Joy Karley is Executive Vice President of The Exercise Corporation - creators of IM=X(c) (Integrated Movement eXercise) innovative, new Pilates-based programming and equipment that capitalizes on the demand for the Pilates exercise system, enhances its benefits, and introduces a lucrative new source of revenue for club owners. Joy can be reached at 212.997.5550 (800.IMX.1336 outside New York) or jkarley@att.net.)

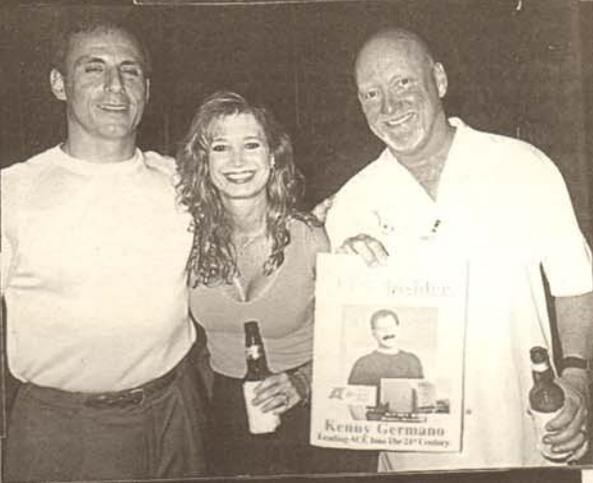
..Joy Karley

continued from page 22

ably seek out candidates with a reasonable amount of training and experience willing to work for a reasonable wage. You'd do this to ensure the safety and satisfaction of your members, and to justify the added costs of this service.

While successful Pilates-based programming is not rocket science; it is not simple either. It entails a formula that is accessible, marketable, palatable and profitable. If you are considering adding this type of programming seek the advice of other professionals. Look to those who have a proven level of success with this type of program-

IHRSA/ATHLETIC BUSINESS 2001



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SHARE YOUR THOUGHTS ON IHRSA'S PERSONAL TRAINING GUIDELINES

IHRSA is writing "Ten Commandments for Personal Training in Health Clubs" which are intended as guidelines to ensure the safety of clubs' personal training clients. Please send any comments on the current draft to gr@ihrsa.org. Thank you!

Draft: Ten Commandments for Personal Training in Health Clubs

1) Personal trainers shall not diagnose disease or treat injuries, except for the preliminary treatment of an injury following basic first aid measures.

2) Personal trainers shall not recommend specific supplements, medicine or curative practices to clients for specific illness, injury or health condition unless the personal trainer has additional appropriate credentials/certifications to make such a recommendation.

3) Personal trainers shall not train clients with a serious diagnosed chronic health condition unless they have been specifically trained and certified to provide training to individuals with such conditions or are following the procedures prescribed and supervised by a physician.

4) Personal trainers shall not begin training a client before the personal trainer has received and re-

viewed a signed, comprehensive health history from the client.

5) Personal trainers shall ask the client, before each training session, if they are currently experiencing any specific pains or health problems or if they are taking any specific medications that might be affecting them.

6) Whenever a personal trainer becomes aware of an undiagnosed illness, injury or a risk factor, the trainer should immediately advise the client to contact the appropriate medical or allied health practitioner.

7) No personal trainer shall offer specific and individualized nutritional advice, unless they have been specifically trained and certified to do so.

8) If, in the course of personal training, a client experiences any unusual pain or discomfort, the trainer should immediately discontinue the training session and advise the client to see a physician or appropriate medical professional.

9) No personal trainer shall engage in personal training unless he or she has had first aid training and certification to use CPR and an AED (if an AED is available on site for use).

10) Personal trainers should be certified or be licensed in a related field such as physical therapy or athletic training.

THE Y IN THE NEWS

"There is no doubt

the health clubs lure away some of the single-adult members..."

- Rick Reece, Development Director, YMCA of Crystal Lake, Illinois

"The YMCA has had its struggles. Some local chapters are finding it difficult to compete against private health clubs and park districts' recreational and fitness facilities..."

- Chicago Daily Herald Editorial

MORE "SICK" DAYS IN 2001 DRIVE UP OPERATING COSTS

More employees called out "sick" this year than in 2000, pushing costs associated with unscheduled absenteeism up 24%, the Society for Human Resource Management reports. Missing workers means losing money for most companies, according to the survey findings. As already lean workforces have to make up for those absent, productivity drops and overtime soars.

Human resource executives say the most effective programs for reducing unscheduled absences include alternative work arrangements, telecommuting (when possible) and compressed workweeks. Paid leave banks are seen as the most effective, specific control over unscheduled absences. With a defined number of days to "spend" as they like, employees can

plan ahead with their managers which days they will be off, and are less likely to call out sick for an appointment they knew about well in advance.

IHRSA MEMBERS DEFEAT RECREATION REFERENDUMS

Yesterday, voters in Grand Junction, Colorado soundly rejected a proposal to increase taxes for a \$25.5 million city-owned recreation center. By a 3-1 margin, voters turned down the measure that would have increased taxes \$2.9 million annually.

Dan Thurlow, owner of Grand Junction Athletic Club, led the efforts to vote down the 75,000 square-foot center, which would have included two swimming pools, two gymnasiums, a senior activity center, a running track, a cardiovascular weight room, a drop-in childcare center, racquetball courts, an aerobic and dance room and office space.

Elsewhere, residents of Park City, Utah voted 53% to 47% against a \$2million bond for improvements to the community's "Park City Racquet Club." Residents have almost paid off the last bond to improve the Racquet Club, and thanks to the "no" vote, the owner of a \$350,000 home will now save \$12 a year in taxes. Congratulations to Michael Smith, general manager of the Silver Mountain

Club, who worked tirelessly to defeat this referendum.

Finally, last week we reported that Hampden Township, Pennsylvania commissioners will decide in January whether to build an 86,000 square-foot community recreation center. An incumbent commissioner who was a strong advocate of the center appears to have been defeated yesterday by a challenger who strongly opposes the center. This is a major victory in the battle to stop this \$17 million project!

Please send your local recreation vote results to gr@ihrsa.org.

FUNDS AVAILABLE FOR OBESITY PREVENTION STUDIES

The Centers for Disease Control and Prevention has announced the availability of up to \$4 million in grants for those who will study primary and secondary prevention approaches targeting environmental factors that contribute to inappropriate weight gain in children, adolescents, and adults.

Applications may be submitted by domestic or foreign for-profit and non-profit organizations, public and private. Among the disciplines and expertise that may be appropriate for this program are: obesity, nutrition and dietetics, exercise physiology and public health.

For more information, go to <http://grants.nih.gov/grants/guide/rfa-files/RFA-DK-02-021.html>.

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•DR. GERRY FAUST- Founder and President-Faust Management Corp.- (858) 536-7970

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•SANDY COFFMAN - President - Programming For Profit - (941) 795-7887

•NANCY FRIEDMAN - President - Telephone Doctor - (314) 291-1012

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•CARRIE MORROW - Legal/Fitness Consultant - carriemorrow@aol.com

•MIKE CONNOR - President - Optimal Fitness - (413) 567-7300

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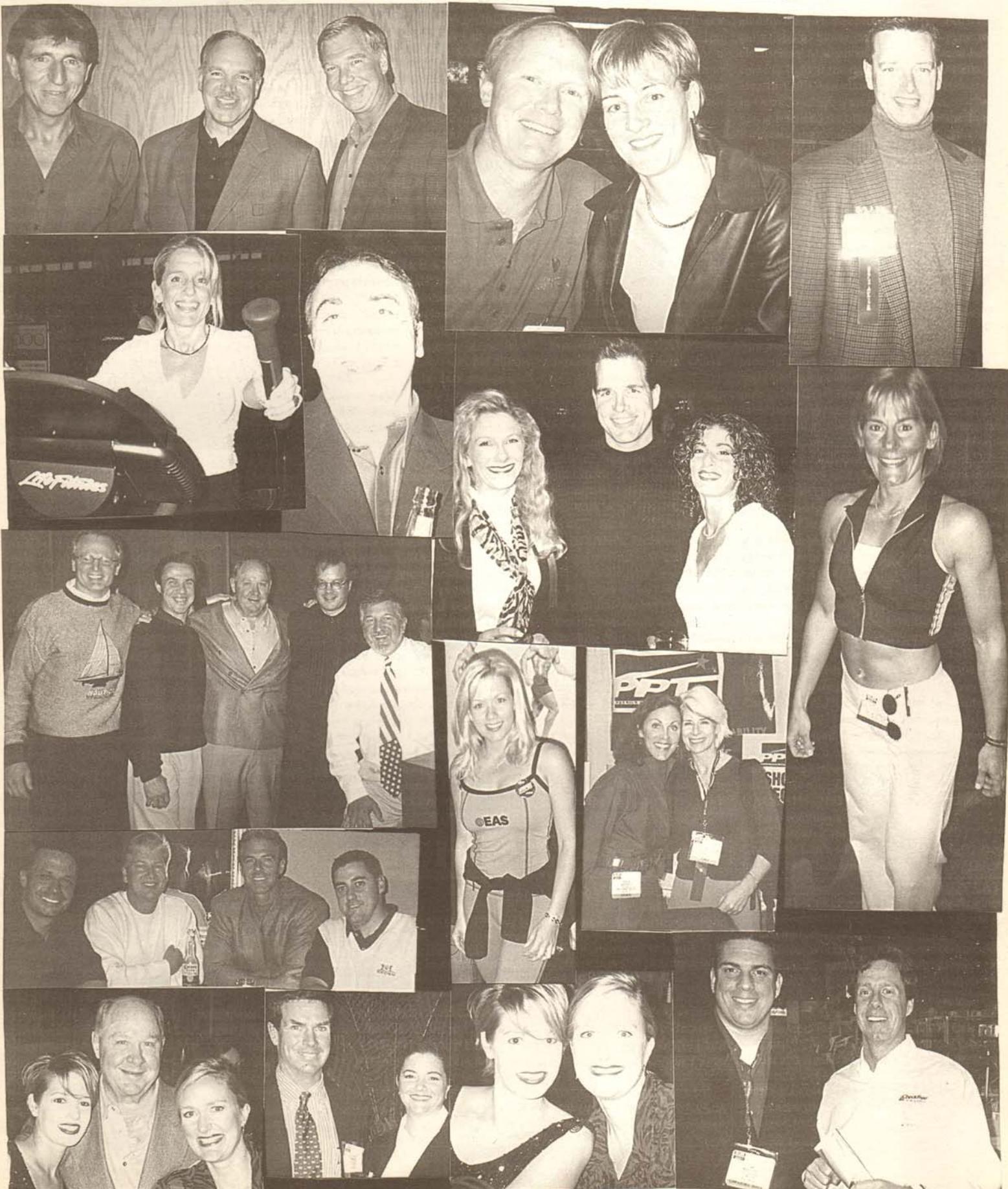
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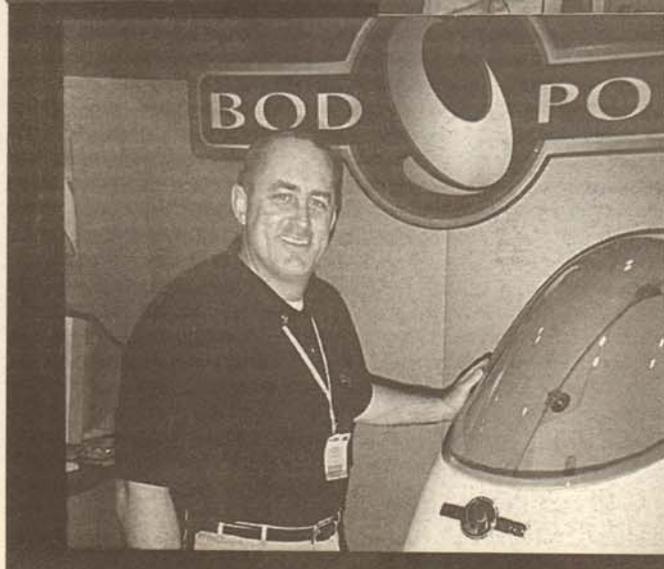
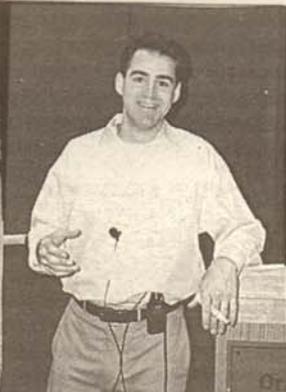
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MAKE IT FUN!

PROMOTION! PROMOTION! PROMOTION!

By Sandy Coffman

I keep reminding everyone how important promotions are to your programs. Why?

1. Because the goal of programming is retention.
2. And it costs six times more to get a new member than to keep one.
3. So retention goes right to your bottom line.
4. Because happy active members bring in referrals.
5. But it takes exciting, FUN programs keep your members coming in.
6. So you need exciting, FUN promotions to get your members active in the first place.
7. Therefore, a good hard look at your promotions is necessary.

Are your promotions **VISIBLE, MEMORABLE, AND EXAGGERATED?** Let's face it. Promotions create the initial interest in any activity, program, or buying decision. That initial interest is piqued by something out of the ordinary, you know, as Steve Martin would say, "something wild and crazy," yes, something FUN!

HAPPY HALLOWEEN

Every holiday lends itself to great promotions and creating initial excitement and enthusiasm. For example, if you didn't have every one of your staff dress up in a FUN costume for the entire week of Halloween, you missed a great opportunity. If your group exercise instructors would have dressed up for every

class for the week, I can promise you that all your members would have joined in on the FUN. What would the result have been? Your members would have tried to out do each instructor. Your members would have teamed up with one another to out do other members.

HAPPY THANKSGIVING

Did you run special events, challenges and tournaments that give you the opportunity of giving turkeys away for prizes...well, for the first prize that is. Second place prizes could be chickens and third place or runner-up prizes could be little cornish game hens!. Can you imagine the laughter at the "awards ceremony?!"

MERRY CHRISTMAS! HAPPY HOLIDAYS!

Santa is a very "jolly old man." Bring him into your clubs so that all your members experience the joy that children do when they see Santa. Every staff person should be wearing a Santa hat, tie, or Christmas vests as part of their uniform for the whole month of December. Costumes and dressing up makes everyone smile, and smiles help make people feel

comfortable, familiar, and happy.

You could pass out little jingle bells to put on every one's shoes while doing a step class. The music addition is terrific! Adding one holiday tune to the choreography of each class will probably result in the entire class breaking out into a sing-a-long. I love it!

HAPPY VALENTINE'S DAY

December is nearly out, and January will go so fast that our resolutions may not get a chance to get started till February. Let's look ahead and begin our promotions for Valentine's Day. Get the club decorated by January 15th, run special promotions for couples' personal training sessions or a strength training class called, "Weight Training For Lovers."

Take advantage of every calendar opportunity to promote your business.

FOLLOW THE LEADERS

Pattern yourself after businesses that know the importance of creating interest with visible promotions way ahead of time. The retail markets put up Thanksgiving decorations at Halloween time and Christmas decorations before the Thanksgiving



Sandy Coffman

holiday. They know people make buying decisions based on their emotions and sense of happiness. Their marketing departments are constantly challenged to create that excitement, and even more importantly, to do it at least three, four or more weeks ahead of an event. It's all done to promote new business and to grow the existing business. Have you assigned specific promotional responsibilities to your staff to create professional and FUN promotions for the upcoming holidays, tournaments, or special events? Do you have people on staff that understand and embrace the fact that the key to successful programming starts with successful promotions, and that your promotions have to send the message that your programs will be FUN?!

THE POWER OF PICTURES AS PROMOTIONS

Be sure to take pictures of all the special promotional gimmicks, costumes and programs you employ. Keep the pictures in an album at the front desk for everyone to see throughout the year. Put the pictures from each event this year on a bulletin board three to four weeks before the same event next year and you will remind all your active retained members of how much FUN they had last year, and you will encourage your new members to join in the FUN.

Your members want to socialize, to get a little recognition and to have the excuse to have FUN. All your members need is to have you show them the way. Let your promotions send the message, "WE MAKE IT FUN!"

(Sandy Coffman is President of Programming For Profit, a Florida-based club consulting firm. Sandy is the world's top club programmer and she may be reached at: (941) 795-7887.)

Norm Cates' **THE Club Insider** NEWS

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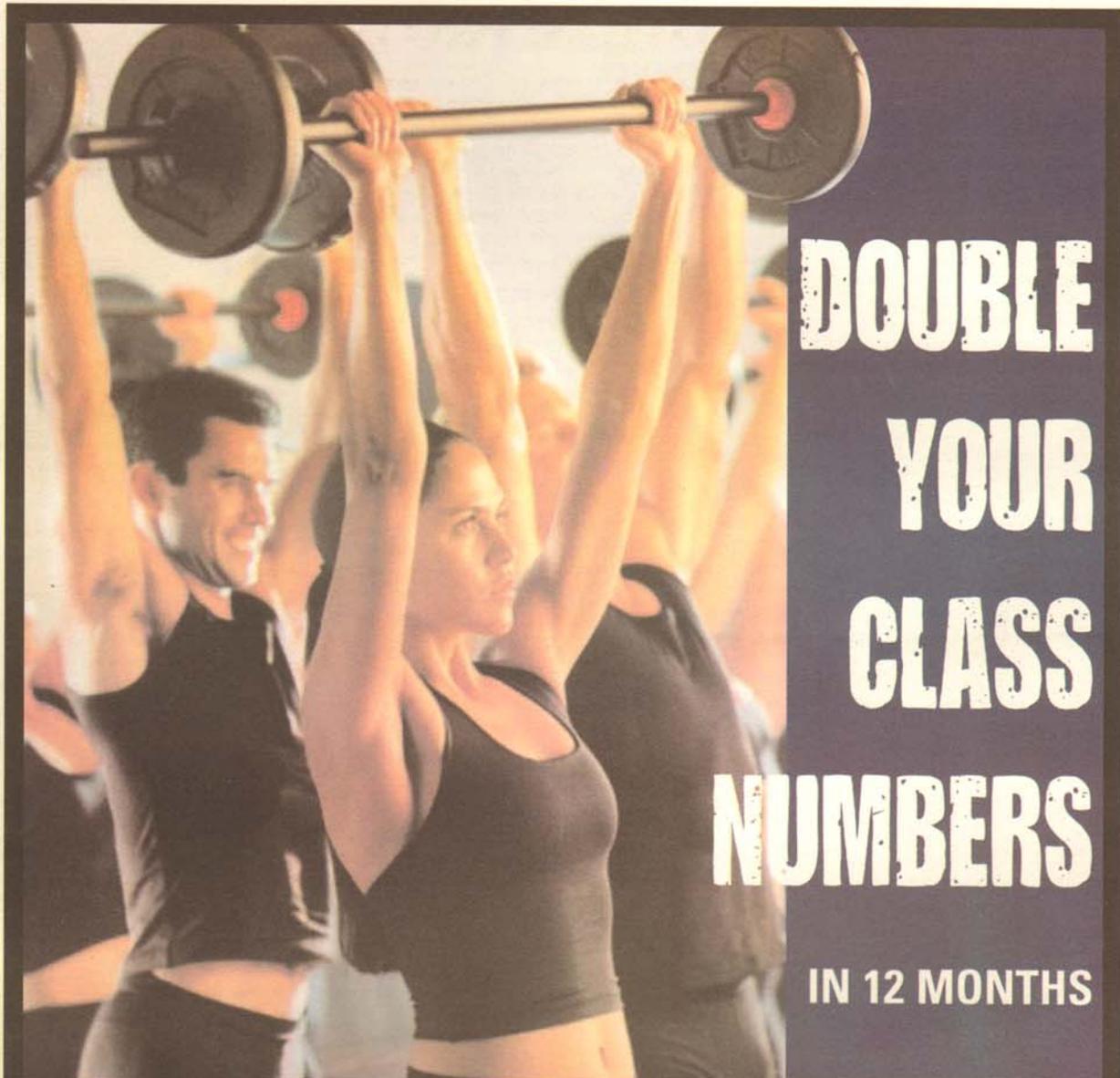
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