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Club *i*ndustry's

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SEPTMBER 2008

Management news for health & fitness facility leaders

At the Kasher Gym in Brooklyn, NY, the Orthodox Jewish members and staff dress modestly, religious music plays, men and women exercise in separate areas of the club, and all High Holy Days are observed by closing the club. These practices are in keeping with the members' and the current owners' religious beliefs and customs. However, some of these practices will change once the club's new owners, a national chain, soon takes over, possibly opening the club to a broader clientele.

Yehuda Fulda and Ori Kahn, co-owners of Kasher Gym, would not disclose which national chain is buying Kasher Gym, other than that it's a club company that caters to women-only gyms. In a letter sent on July 30 to members, Fulda and Kahn stated that the new owners would continue with separate facilities and classes for men and women but that business hours would expand to Saturdays (the day of Sabbath in the Jewish religion) and to Jewish holidays. Furthermore, the owners warned of other changes, including different background music, promotional advertisements and

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Balancing the Faith

RELIGION

CULTURE

PROFIT

In BRIEF

- Three health club companies were named to *Inc.* magazine's annual list of the 5,000 fastest-growing private companies in the United States. The *Inc.* 5,000 list ranks businesses according to revenue growth in the previous four years. Planet Fitness, Dover, NH, was 732nd overall and had the No. 1 spot among U.S. health club companies. From 2004 to 2007, Planet Fitness' annual revenues grew from \$8.4 million to \$48.5 million. Fitness Together Holdings, Highlands Ranch, CO, was listed as No. 1,705 on the list with \$15 million in revenue in 2007. Plus One Health Management, New York, was listed at No. 3,748 with a 2007 revenue of \$33.8 million.

- Chuck Leve, vice president of business development at the International Health, Racquet and Sportsclub Association, left the association at the end of last month to launch the Consumer Fitness Association, a new association that serves active, healthy lifestyle consumers.

- Planet Fitness has announced several development deals that will expand the brand throughout the country. Several franchisees and investors are expected to launch 39 locations in Philadelphia County (PA) and surrounding areas, 31 clubs in the Dallas, Plano, TX, and Fort Worth, TX, markets, 26 clubs in four New Jersey counties, 13 clubs in metropolitan Detroit, 12 clubs in upstate New York, and 11 locations in North Carolina and South Carolina.

- Elements, an upscale women-only franchise based in New York, hired Courtney Minor as its new business development director. Minor previously was director of franchise development at Gold's Gym International, Irving, TX, where she was responsible for recruiting franchisees, managing franchise and area development agreements, and monitoring the franchisee throughout the duration of the agreement for both domestic and international franchising.

- The International Council on Active Aging (ICAA) introduced its products and services locator, a new tool that replaces the ICAA age-friendly fitness and wellness facility locator. The new service will locate age-friendly fitness centers and programs, communities, health stores and community services.

FOR-PROFITS

Gainesville Club Owner Makes *Inc.* Magazine Cover

GAINESVILLE, FL—Joe Cirulli, owner of Gainesville (FL) Health and Fitness Centers (GHFC), was featured on the cover of last month's issue of *Inc.* magazine.

A 5,000-word feature on Cirulli and the company accompanied the cover appearance. Cirulli says he has become good friends with the writer, Bo Burlingham, who interviewed Cirulli in Gainesville in May.

"I spent 17 1/2 hours with him—12 1/2 hours one day and five another day," Cirulli says. "And then he met with my staff. I e-mailed him back and I said, 'Bo, I don't think a writer has ever put a story together more factual than what you did.' It was exactly like I told him."

Inc. sent a photographer to shoot pictures of Cirulli this summer. It wasn't until the photo shoot that Cirulli was told he was going to be on the cover. Joining Cirulli on the cover are GHFC members Rashah Davis and Amy Murad, both of whom started exercising through GHFC's Well Workplace initiatives.

The article, titled "The Believer," touches on Cirulli's rags-to-riches story, from the time he was living in his car and didn't have enough money to buy a soft drink at a fast-food restaurant to owning three health



Gainesville Health and Fitness Centers owner Joe Cirulli (center) graced the cover of the August issue of *Inc.* magazine. Photo courtesy of *Inc.* magazine.

clubs and four rehabilitation centers. GHFC attracts 10,000 new members a year, has a retention rate of 77 percent and has gross revenues of \$16.7 million a year, according to the article. The heart of the article focuses on Cirulli's ability to set personal and business goals, then accomplish those goals. —Stuart Goldman

FOR-PROFITS

The Sports Club Co. Revenue Up

LOS ANGELES—The Sports Club Co., Los Angeles, had a 4.1 percent increase in its second quarter revenue, according to a statement from the company. The company's second quarter 2008 revenue was \$16.4 million compared to \$15.7 million for the second quarter of last year.

The company had a net loss, before preferred stock dividends, of \$969,000, which included a one-time charge of \$1.1 million for the impairment of certain real estate holdings that were being leased to an outside third party. Without that one-time charge, the company would have had net income, before preferred stock dividends, of \$154,000.

For the first six months of the year,

The Sports Club Co. had revenues of \$32.3 million compared to \$30.7 million for the first six months of last year, an increase of 5.2 percent. —Pamela Kufahl

100%

By the year 2048, 100 percent of U.S. adults could be classified as overweight or obese, according to the National Health and Nutrition Examination Study, which made the projection based on weight trends from the 1970s through 2004.

Source: National Center for Health Statistics