

EXECUTIVE PROFILE, -FITNESS EXECUTIVE L. SCHLEMM - By Rochelle Lash,  
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MONTREAL -- Entrepreneur Leonard Schlemm has the clear vision to have built the largest fitness empire in the world, but he gets all dewy-eyed when he talks about a small historic club racquet club that he also owns.

Mr. Schlemm, who is based in Montreal, and Mark Mastrov of California, started their first 24-Hour Fitness club in San Francisco in the early 1980s with an initial investment of \$45,000 U.S. Two decades later, the company is a glitzy chain which has attracted such sports stars as Shaquille O'Neal, Magic Johnson, André Agassi and Lance Armstrong as partners in some cities. Now called 24-Hour Fitness Worldwide, it tallies three million members generating annual revenues of more than \$1 billion U.S. in a network of more than 300 branches across the United States and 15 in Asia .

In May, Forstmann Little & Co., the iconic private investment firm based in New York City bought a majority stake in 24-Hour Fitness for \$1.6 billion. It was a record-setting deal -- the largest transaction in the global health club industry.

"The record-setting valuation reflects the critical and growing role of fitness in our stress-filled, high-caloric lives," said Mr. Schlemm, who with Mr. Mastrov maintains an equity participation.

Not stopping there, Mr. Schlemm also is chairman of a company which owns 25 Planet Fitness clubs in Russia and recently joined with Stefanie Graf to launch Mrs. Sporty, a chain of women's clubs in Germany.

"In 1996, we discovered only one health club in Russia in a country of 150 million people," he says in astonishment, "and in contrast, in San Francisco there were 38 clubs in one square mile when we opened."

Even though Mr. Schlemm co-founded a billion-dollar empire, nostalgia rules, and he focuses a lot of attention on a small historic, racquet club that's close to his heart. Three years ago, he bought the stodgy Montreal Badminton & Squash Club, where the mostly English establishment of the city had gathered since 1926 to play and socialize. He renamed it the Atwater Club and lovingly refurbished a fine old treasure whose membership had declined due to an exodus of people from Montreal since the politically turbulent 1970s.

"I spent my youth at the club and I have a strong emotional attachment to it," says Mr. Schlemm, whose 92-year-old father, Leonard Sr., is the club's oldest living member, as well as a former Canadian champion in both badminton and squash and a U.S. title-holder in squash.

Mr. Schlemm concedes that the Atwater Club is not a moneymaker, but it will survive as part of his hometown holdings. His other Montreal project is the dazzling one-year-old Club Mansfield which operates a cutting-edge fitness facility in what once was a landmark 1917 downtown theatre. The Mansfield is so progressive that the bistro's chef trained with Jamie Oliver of London and the 65 exercise machines all have individual DVDs and satellite television.

"The Mansfield Club is on track to be highly profitable by next year (2006)," says Mr. Schlemm. "There are 65,000 people working in office towers within a three-square-block radius of the club and only about 3,000 are members of a downtown gym, so there's great potential."

Leonard Schlemm does not seem like a billion-dollar man. He uses few intermediaries, answers his own telephone, does not have a cellular for business and doesn't care for the one-upmanship of call waiting or call screening. He's modest, good-natured, accessible, relaxed, direct and soft-spoken, "but not a push-over," says his partner Mr. Mastrov. "He's also a true gentleman in business...he always does the right thing."

Mr. Schlemm grew up in the toney Westmount district of Montreal and earned his first fistful of dollars with a paper route at age eight. Later, armed with a B.Comm. and C.A. from McGill University, he joined Clarkson Gordon (now Ernst & Young), an established accounting firm. He went on to an M.B.A. from Harvard University, relocated to San Francisco where he worked for the prestigious McKinsey & Co. as a strategy consultant to Fortune 500 companies, and then became CFO of a computer company. London, England, was home for a few years where he was an executive with Forza Limited, a company distributing fitness equipment, and from that world capital, he commuted to Russia.

Throughout his travels and his busy days, Mr. Schlemm remains committed to his own fitness regimen. He recently ran a marathon and is training for a triathlon next year. As professional research, he has worn a Body Bug, a device which his company developed. Strapped to the arm, it measures how many calories are burned in various workouts or at rest.

"We're aiming at the mass market, trying to make it time- and cost-effective for people to control their weight.

"People have no concept of how much they're burning or consuming....I found out that to burn off the wine I was innocently drinking with dinner at home, I'd have to jog four miles to work off each glass. I'm a wine collector, so it hurt to cut back, but I did.

"Any time that you measure calories you'll see results and you can make more sensible decisions regarding nutrition."

Mr. Schlemm retreats to low-tech pleasure when he's salmon fishing at his own camp on the Cascapedia River in Gaspé. He also spends time with family -- his wife Sandra and their four teenaged children -- at their country home, a former Molson family estate in the Laurentian Mountains north of Montreal.

He is known to be an excellent strategist with nerves of steel, two qualities that are valuable on the squash court.

"I play, but not terribly well," he says. "I didn't inherit my father's racquet sense."