

THE Club Insider[®]

NEWS

The Pulse of the Health & Sports Club Business

March, 1994

IRSA Showdown In Reno!

By Norm Cates, Jr.

I have written this article to attempt to communicate a need for change at IRSA. While the writing here is principally targeted at the proposed change of the name of IRSA, I want to make it clear that I firmly believe that the name change effort and how it has been conducted is simply a symptom of a more significant problem with how the Association is being directed. Since I was the first President of IRSA, a founding member of the Association, a member of the IRSA Advisory Council since the beginning and now the Founder, Publisher and Editor of The CLUB

INSIDER News, I feel uniquely qualified to make these observations. I would like to point out a couple of important considerations: (1) What I am writing here is as much a criticism of my own work as one of the founding fathers, as it is a critique of the current Board of Directors. (2) We want to make it clear that President Larry Krieger and his Board of Directors have done a good job in their efforts on the Board. We hope to express to each of them, our sincere appreciation and clear understanding of the tough and frankly, thankless job that they do without pay and at an expensive personal cost of time, energy and emotion. They sacrifice very important time from their clubs and their families to serve all of us

who are members of IRSA. They are to be thanked and appreciated for that.

Vote Does Not Have To Mean Exercere Is In

In a letter to the IRSA membership dated February 25, 1994, current IRSA President, Larry Krieger has announced that the name change to Exercere has been ratified by a vote of 60% YES - 40% NO. However, this vote DOES NOT necessarily mean that the name will be changed to EXERCERE in July. The Board now has an opportunity to SAVE THE UNITY OF IRSA by making a rational and prudent decision NOT to make this change.

In Krieger's February

25th letter he states: "Most things of significance in life evoke strong feelings, so it is not surprising that both supporters and opponents of the name came forward to share thoughtful and well-considered perspectives."

We want IRSA members to know that Krieger's statement to you quoted above is the only acknowledgment and publication by IRSA leadership of the fact that any IRSA members opposed the name change. We would like to ask the Board in all due respect, the following questions:

"Would you please explain to the IRSA membership why you have waited until after the votes were cast and counted to acknowledge and print that there was opposition to the name

change?"

We would also ask: "Do you each feel that you have selected the very best possible name for this Association?"

There are many members of the association who feel that after all of the promotion of the name EXERCERE, 60% - YES is a very meager turn out which signals a serious lack of support for the name. In fact, if they do make the final decision to change the name to EXERCERE, they will be doing so with ONLY 26% of the IRSA membership in support of the measure! And, that 26% level of support is shaky at best because of the method in which it has been obtained!

This name change process is clearly not a good deal for IRSA (See IRSA Showdown page 3)

Treadmills Criticized By Club Operators

By Norm Cates, Jr.

Recently, Club Insider conducted its first equipment survey of a category - Treadmills. This survey was conducted much like a Consumer Reports analysis, using an independent sample of club operators - small versus large clubs, single clubs versus multiple clubs, fitness-only clubs versus multi-sport clubs, and clubs from all over the United States. The sample was intended to provide forthright feedback on 21 different criteria and was not intended to be a statistically significant sample. The results were analyzed by a well respected outside market re-

search firm knowledgeable of the club industry and its products and services.

KEY TRENDS EMERGED

There were only four key characteristics of treadmills which the readers generally regarded with Positive results:

- 1) Is manufactured by solid financial company.
- 2) Has long-term appeal.
- 3) Is desired by the members.

4) Safe to use. Similarly, the readers gave Poor marks to 7 different criteria:

- 1) Can be upgraded by manufacturer in the future.
- 2) Has minimal friction.

- 3) Has a fair price.
- 4) Is quiet during operation.
- 5) Has adequate product warranty.

6) Requires limited regular outside service.

- 7) Is space efficient.

OLDER UNITS NOT WELL REGARDED

The study clearly indicated that after the 3-year mark, all treadmills lost much of their positive valuation, with only two of the key positive ratings holding their own:

- 1) Is manufactured by solid financial company.
 - 2) Has long-term appeal.
- One negative character-

istic was better thought of as the treadmills aged: Can be upgraded by manufacturer in the future.

However, all of the following criteria saw severe fall-offs once the treadmills reached the end of their third year:

- 1) Has durable paint and surface treatments.
- 2) Requires limited regular outside service.
- 3) Causes no injuries or side effects.
- 4) Has minimal friction.
- 5) Is quiet during operation.

6) Self-instructing & user-friendly.

- 7) Safe to use.
- 8) Performs its function with fluidity and precision.
- 9) Is aesthetically pleas-

ing.

- 10) Easy to use.

Obviously, club owners see many more problems once these treadmills age.

WHO ARE THE BEST & THE WORST

Although this is not a statistically significant sample, clear trends emerged as to those manufacturers regarded as providing the best treadmills and those offering the worst.

Highly Rated Manufacturers:

LifeFitness
Quinton
Unisen (Star Trac)

(See Treadmills page 15)

• INSIDE THE INSIDER •

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STOP EXERCERE!

ATTEND THE IRSA MEMBER OPEN FORUM!

If you are a club owner or manager who has the decision making authority for your club, you are requested to attend this meeting. The proposed name change to EXERCERE and the direction, mission and focus of IRSA will be discussed with the IRSA Board of Directors and its key staff members.

• **PLACE:** Hilton Hotel, Reno, Nevada
Room to be announced.

• **DATE:** Friday, March 25, 1994

• **TIME:** 8:30 P.M.

(Note: A pre-meeting will be held at 7:30 P.M.)
DON'T MISS IT! YOU CAN HELP SAVE IRSA, The Association of Quality Clubs!

THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

The Insider Speaks
Page will be dedicated to editorial
commentary, "Insider Mail", and
reader comments received on our
Hotline (1-800-700-2120) or 24
Hour Fax 1-404-933-9698. We
welcome reader editorials and will
publish them when appropriate.

Those who wish to ex-
press their views are encouraged
to do so through letters, faxes or
phone calls. Don't hold back.
Let the **CLUB INSIDER**
publish your view.

March 11, 1994

TO: NORM CATES
FROM: ROGER RALPH
SUBJECT: LETTER TO EDITOR HEREIN

Norm Cates' CLUB INSIDER early issues certainly seem to be providing a useful and important service for our wonderful and ever improving tax paying health club industry.

The February, 1994 issue of CLUB INSIDER may indeed become a "collector's item" because it contains in one issue, two of the most exceptional industry features that I have ever read. It is hard to imagine many better models for our industry than Red Lerille's club and Red Lerille as a person. CLUB INSIDER has performed a good service for all of us by writing in depth about Red and his club and the views of his staff as they change and grow. In this same issue, Norm publishes in full, a frank, painful article by Ken Estridge on "How To Close A Club Successfully." In its own way, it also provides a valued educational role. And, kudos to Norm for his final line which acknowledges how hard it must have been for Ken to write this article... "I think Ken Estridge has spoken the unspeakable and he should be respected and thanked for doing so."

With the above said, it is also important, Norm, that your readers are also made aware that frequently your editorial bias in favor of IRSA's founding father's and the old guard at the expense of any new Board whose members happen to disagree with your view and approach is both unfair and frequently way off the mark. I smile as I read your rantings about IRSA's proposed name change. It is generally forgotten that both you and Cecil Spearman, at the 1993 IRSA Convention attacked the then IRSA President, Bruce Buckbee regarding his and the Board's recommendation that IRSA's new name be Club Business International. Your volume prevailed and actually a sensible recommendation was made by yourself and others - me included that IRSA engage a professional firm to help find a new name. EXERCERE was the result of this process and apparently is also - 60/40 vote in favor - the result of IRSA's voting members. I frankly was surprised that the vote was in favor, knowing how hard institutional change is even for a young industry.

So, Norm, keep up the good work and keep up the controversy. Its good for all of us.
- Roger Ralph

Larry Krieger, President
John McCarthy, Executive Director
IRSA 253 Summer Street
Boston, MA 02210

Dear Larry and John:

Yesterday, I received a call from my good friend Norm Cates, who was canvassing industry sources for reactions to the proposed IRSA name change. Inasmuch as my response to EXERCERE was negative, I felt I owed a letter of explanation to the two of you and the other members of the board who have worked so hard on this project. Let me begin by saying I totally agree with the need for a better name. The name IRSA has served us well over the last decade, but it has always been too narrow. It now has become terribly misleading and requires a long-winded explanation. Unfortunately, most people with whom I have discussed the EXERCERE proposal have voiced three strong objections to it:

1. It is just as obscure and confusing as IRSA. It takes an eight-world sentence as an addendum to explain what it is all about, which was exactly the problem which had evolved with IRSA. But EXERCERE is even worse, because it requires another sentence to explain its derivation and how to pronounce it. Yes, a crash educational program will suffice among those of us within the industry. But we are not the target audience. We all understand what IRSA means. EXERCERE will forever be unclear to outsiders and newcomers. It will be an ongoing educational curse.
2. Just as IRSA is too narrow a name, so is EXERCERE. Almost two decades ago, I argued that National Court Club Association was too restrictive a name. The focus was entirely on games. I believed pure exercise for the sake of conditioning and fitness was being overlooked. A decade ago, I felt the same way about International Racquet Sports Association. Now, we are contemplating over-reacting and going to an opposite extreme, placing the focus entirely on exercise. Many of our member clubs are still pure tennis facilities. Most IRSA clubs have a three-fold appeal: fitness, competition and social environment. In the Michigan Athletic clubs, 30 to 40 percent of our members are sports oriented. If the majority of our square footage was not devoted to sports and games, they would not be members.
3. The name EXERCERE lacks the kind of simple dignity which is important for a worldwide organization of quality sports and fitness clubs. Frankly, many of us believe it sounds as if it should have a "the" in front of it - THE EXERCERE - like a cheap fitness product to flatten the tummy that Vanna White or Jane Fonda might be hawking on late night cable TV. Ironically, unable to sleep with flu one night last week, I turned on ESPN at about 3 a.m. A scantily clad model was expounding the virtues of a flimsy looking home skiing device (an obvious knockoff of Nordic Track). The manufacturer was name ExerScience. IRSA is not a product. It is an international association of businesses which deal in products such as fitness, sports and social environment. It is an organization. It deserves the dignity and simplicity of a name which is self-explanatory (without an eight-word addendum).

I know that all of you on the board must be frustrated with this continuing controversy after all the effort you have put into finding the right name for our organization. Many of us, however, feel that outside consulting may have steered us in the wrong direction - toward a glitzy, but affected and obscure product name, rather than a straight forward association designation. Call us Exercise & Sports International, or maybe Exercise & Sports Clubs International, which can be abbreviated to ESI or ESCI. I'm sure you must have hundreds of other possibilities.

I understand that there already has been a tremendous amount of effort, time and money invested in the name change. But those are now sunk costs. Ancient history. The only important consideration now, today, is that we get it right - however long it might take. Regardless of the legal number of votes required to overturn this name change, I hope the board members will listen to their constituency... their fellow IRSA members. If a significant number of members do not approve of EXERCERE, I hope the board will reconsider this change while there is still time to avoid a mistake.

Needless to say, Larry and John, whatever the vote and the board's decision, you will have my total support. What ever our final name may be, even EXERCERE, I'll salute it.

Sincerely,
Carl Porter

March 11, 1994

EDITOR'S RESPONSE:

Dear Rog,

Thanks for the compliments and feedback on my work. I just want you to know that I appreciate the feedback, both positive and negative. I am publishing the CLUB INSIDER because I love the club industry, I love the people in the industry and I want to provide a service which can help.

In regard to my "rantings" and editorial bias relative to the IRSA name change, let me just say that since I was the first President of IRSA in 1981, I have gotten seriously into the fray only two times. The first time was when Bally was trying to be admitted to IRSA. The second was with this name change issue. My prime concern honestly is not what we call the Association... it is purely and simply that "the process" of the name change had become so one sided and unfair to the IRSA members whose views were being withheld from the debate. This process exemplified a "SPIRIT OF EXCLUSION" of the IRSA membership from important matters and such a spirit has no place in IRSA, The Association of Quality Clubs.

You can rest assured... I will continue to "call 'em as I see'em" while I keep an ear open to my subscribers and others.

After all, do you think George Washington kept his mouth shut for the rest of his life when he saw his countrymen heading in the wrong direction?

P.S. Congratulations to you and Elaine on being selected for the State of Maryland's Entrepreneurial Success award! It came after a lot of hard work and ya'll deserve the recognition!

March 3, 1994

MEMO TO: Norm Cates, Jr. FROM: Dale Dibble

Hi Norm,

The February 1994 issue of Club Insider was outstanding. What makes this issue so special is that their whole stories were told including the successes, the failures, figures to back it up and how they would do it again. The Red Lerille, Ken Estridge, Warren Wertheimer stories all had information about what to do and not to do that took most of them years to learn the hard way. You are turning out to be a real asset to our industry.

- Dale Dibble

CLUB TOURS OF AMERICA ANNOUNCES - ATLANTA, '94! COME TO ATLANTA DURING OUR BEAUTIFUL SPRING AND TOUR SOME OF AMERICA'S GREATEST CLUBS!

Club Tours and Roundtable Schedule:

Saturday	May 28th	9:00 a.m. to 1:00 p.m.	Club Tours
		1:00 p.m. to 4:00 p.m.	Club Roundtable Talks
		7:00 p.m. to 10:00 p.m.	Dinner Party
Sunday	May 29th	10:00 a.m. to 1:00 p.m.	Club Tours
		1:00 p.m. +	Free Time
Monday	May 30th	Memorial Day free time to tour the Olympic City! (Tour bus can also be arranged at extra costs if enough people wish.)	

COST - \$149 per person includes:
Transportation from Doubletree Hotel for two days
of guided club tours, lunch Saturday, Barbeque on Saturday Night)

YOUR HOSTS: Norm Cates, Jr. 1st IRSA President, 20 year club veteran & Publisher & Editor of The CLUB INSIDER News
Tony Deleeds 12 year club veteran, founder, owner and operator of 10 Atlanta area Australian Body Works clubs and part owner of the Cardio Theater Company.

FOR INFORMATION:

- (1) For Tour - Call Norm Cates, Jr. 800-700-2120
- (2) To Book Doubletree Hotel (\$69 per night single bed)
Not included in above costs. Call 404-395-3900
- (3) Recommended Airline - Delta 800-221-1212
- (4) Airport Shuttle - \$25 round trip. No reservations.

CLUB TOURS OF AMERICA RESERVATION FORM

NAME(S): _____ CLUB NAME: _____
PHONES: (W) _____ (H) _____
ADDRESS: _____ CITY, STATE, ZIP: _____
Count me (us) in. Enclosed is my check for \$_____ for _____ reservations.
Registration deadline is May 16, 1994. No refunds after that date.
(No credit cards please, make check payable to: CLUB INSIDER and send to:
CLUB INSIDER News, P.O. Box 671443, Marietta, GA 30067-0025)
Signature: _____ Date: _____

• Norm's Notes •

RICK CARO - President of Management Vision, Inc., a club industry consulting firm based in New York City, has opened a new office in New York City Office. CARO is one of the most experienced and knowledgeable club consultants in the industry today. He specializes in cost control business analysis, site selection studies and is frequently called to serve as an expert witness for lawsuits. You can reach Rick at his New York office at 212-987-4300.

JACK NAIMAN'S bankruptcy case has been converted from a Chapter 11 to a Chapter 7, so everything will apparently be liquidated according to sources. He is said to have some kind of multi-million dollar contract with a Japanese company for consulting on non club related business. And, the Sporting Club in Tyson's Corner, Virginia is no longer operated by Sporting Clubs of America and is now in operational control of the owners of the club.

SPENCER GARRETT, the very interesting and dry titled "CALIFORNIA GUY" is the owner and operator of the Pierpoint Racquet Club in Ventura, CA. He also has had the interesting and challenging experience of serving for the past two years on the IRSA Board of Directors. The other day, when I spoke with Spencer, he told me the OPEN FORUM Meeting had been set for Friday night, March 25th at 8:30. He then told me: "That is 8:30 P.M. for the Board and all IRSA members... it's 8:30 A.M. for you."

Seriously though, Spencer has headed the Committee for the selection of this year's slate of new IRSA Board members. The Committee has selected some really sharp people for the job. They are: Carl Porter of the Michigan Athletic Club, Steven Schwartz of Tennis Corporation of American and Stephen Tharrett, of the Club Corporation of America. Also, Spencer wants to announce that he and the IRSA Board selection

Committee of Tim Rhode and Jennifer Harding will hold a reception of IRSA members who would like to consider applying for the Board. The reception will be held at the Reno IRSA Convention at 5 P.M. on Friday, March 25th. The Board selection will take place from June 1st to August 20th, so if you would like to get involved and have an impact on the direction of IRSA, stop by the reception. (The room will be announced later.)

KRISTIN COTSIDAS the gorgeous daughter of NICK COTSIDAS AND JEAN COTSIDAS (former owners of the Boston Athletic Club) graces the cover of this month's edition of *Runner's World*. She looks great on the cover and even better in person. She got her good looks from her mother. Just "kidding" Nick. By the way, Nick is still recovering from a bad skiing spill in Vail, Colorado in December where he ripped out his left Achilles heel and broke his left thumb.

CLUB SPORTS INTERNATIONAL (CSI) has taken

over management of the seven Cardio Fitness Centers located in Manhattan and Chicago. The Cardio Fitness Centers average about 15,000 square feet and 1,100 member per location. The average dues are a whopping \$140 per month! The clubs are targeted to executives and offer supervised workouts with almost exclusively cardiovascular equipment. Cardio Fitness is owned by Weight Watchers International who has retained the services of CSI in order to improve the financial performance of the businesses. DENNIS BACHMAN, former General Manager of Athletic Club Inverness, has relocated to New York and will be responsible for overseeing the business. During the transition, he will work closely with Annbeth Eschbach, National Marketing Director and Debra Regan, Manager of Staff Services. Best of luck to CSI in their new deal!

TONY DELEDEE the owner of 10 Australian Body Works clubs in Atlanta is going through a major expansion and remodeling of his Sandy Springs club which I

opened back in 1978 as a Courtsouth Racquetball Club. Tony is also now 50% owner of the Cardio Theatre Company which provides high-tech entertainment systems for clubs and is installing a state-of-the-art CARDIO THEATRE in that location with 8 big screen T.V.'s for his member's enjoyment. Tony just celebrated his 12th year in business in Atlanta and his managers surprised him on the morning of March 11th when they arranged to have a beautiful stripper show up at their staff meeting for him. Tony, congratulations for those first 12 years!

CALIFORNIA STATE LEGISLATORS are fixing to put the \$\$\$ whamo on Martial Arts operators with the Assembly Bill #2313. The new bill will require the operators of Martial Arts facilities to pay an annual registration fee and to adhere to newly established minimum safety and equipment standards dictated by the state. Also, the California State Athletic Commission (See *Norm's Notes* page 9)

...IRSA Showdown

continued from cover

members! It's a bad deal for IRSA members because the name EXERCERE has not received a positive and warm response from the vast majority of the IRSA members and because of the methods by which the 60% approval vote has been obtained. Before the name was announced, when told the new name, IRSA members typically had one of the two following reactions: (1) They would break out into outright laughter. (One IRSA member calls the laughter the "name change giggle factor.") OR (2) They would say: "What, what did you say... how do you spell that... what does it mean?"

Before the vote results were announced, it became clear to me that the vast majority of the letters, faxes and telephone calls I received, showed that the members basically did not like the name EXERCERE. If only 26% of the IRSA membership voted YES, is that not leaving out 74% which either voted no or did not vote at all? I don't think we should exclude them.

What Do IRSA Members Really Want?

The IRSA Board, planned and executed a name change campaign which resulted in a vote of 60% - YES, 40% - NO. However, one important question remains. Is the 60% - YES vote vs 40% - NO a valid measure of the real feelings of the IRSA membership or not? Many would argue that due to serious irregularities with the process, this split vote is adequate and reasonable evidence to DROP EXERCERE without further ado. They feel this way for a number of reasons.

This idea of a name change for IRSA has been talked about for years, but nothing had happened until the Fall of 1992 when the IRSA Board voted 9-0 to change the name to THE ASSOCIATION OF QUALITY CLUBS, dropping the name IRSA. This decision was opposed by the IRSA members with Cecil Spearman, the IRSA President for 1991/92 leading the opposition effort. The Board rescinded that name change and changed the name to "Club Business International" (CBI). The name change effort took a new direction when at the IRSA Con-

vention in San Diego last March, the IRSA Advisory Council convinced the IRSA Board to pursue the name change by a process which included hiring a name change expert. The expert was to examine the need for a name change and would then propose a new name should it be decided that the name should be changed. Brian McBain of McBain and Associates of Scottsdale, Arizona, was retained by the IRSA Board to study the name change, research and select a new name and to help sell the membership on the new name. However, it appears that his "process" for the name change was flawed from the beginning. Here is what happened. You be the judge as to the validity of this 60% to 40% vote.

60% Vote - Not Representative Of True Feelings Of IRSA Members On EXERCERE

Last October, the IRSA Board voted 6-3 in favor of the proposed new name, narrowly gaining the required 2/3 vote to approve the proposal on the Board level. Ratification of the name by an IRSA member vote was the next step in the process.

In large corporations and organizations, major changes or landmark decisions are usually

never made unless the "super majority" of voters is in favor of such change, thus assuring that the change could not lead to major destructive problems. The 40% NO VOTE resulting from this "process" would leave anyone who objectively and carefully examines the situation with the impression that the 60% YES vote is far from a "super majority." Read on and you will understand why.

IRSA Board Promoted EXERCERE Aggressively

The new name promotion began in full swing at the Boston IRSA Sales and Marketing Convention in early December, '93. Since then, the IRSA Board has very heavily promoted the new name to all of the IRSA Membership. There were 5 mailings to the IRSA members, including the last envelope sent at a cost of .75¢ each. That envelope contained the Name Change Ballots AND enclosed with the ballots were several pro name change pieces of literature! There were two articles published *CBI*, the IRSA Magazine. The name change VOTE BALLOTS were to be returned not later than February 9, 1994. But, a funny thing happened on the way to the POLLS. The *CLUB INDUSTRY* Magazine published in its January edition, an

announcement that the name HAD ALREADY BEEN CHANGED from IRSA to EXERCERE. The *CLUB INSIDER* contacted *CLUB INDUSTRY* Editor, Terry Moffatt to ask where he obtained this information for his magazine's announcement about EXERCERE. Moffatt explained that the announcement had been received from IRSA in a letter to the Associate Members dated, November 22, 1993.

Could Premature Announcement Have Influenced The Vote?

Could the premature announcement by *CLUB INDUSTRY* Magazine that the name EXERCERE had already been changed, have influenced some people to vote YES? Could the premature announcement have caused some people not to vote at all, further diluting the true meaning of this vote? (There were 1200+ IRSA clubs which did not vote at all.) A reasonable person could argue that some people who might have voted, did not, after reading these premature announcements. One would have to wonder if these name change happenings influenced the vote outcome by changing some minds

(See *More IRSA* page 16)

CARO'S COST-CUTTERS

By Rick Caro

Dealing with day-to-day fiscal matters can, at times, be a frustrating and confusing task. This column is specifically geared toward offering informative, clear cut solutions to the financial decisions facing every club owner and/or manager. The topics being addressed this month are related to your members' billing, receivables and timing.

Billing and Late Fees

Many clubs are billing earlier (actually sending bills out January 1st for the month of February 1st - 28th). In this way, all payments are due by February 1st. Clubs that bill by EFT (Electronic Funds Transfer) should do so by no later than the 15th of the previous month for the upcoming 30 days. In this way, the club will know of the non-payments and return from members' accounts prior to the beginning of the new month. The goal is to prevent your members from getting "ahead" of the club.

A late fee is imposed on all

members not complying with the stated due date. The late fee should not be expressed as a percentage fee or appear to be based on interest (i.e. 1.5% of outstanding interest). If it appears to be related to interest rates, the club is subject to state banking regulations and lending laws. Instead, the club should charge a "service fee" on that amount. Generally, most clubs use \$15 or \$20. It should be significant enough to discourage the dead-beats from just being late. At many clubs it has become an important additional revenue stream.

Ostensibly, the front desk/reception staff must be trained to check all member identification cards and stop those who are suspended. This process needs to be clarified and rehearsed. If one member can beat the system, (s)he will tell others. The late fee is imposed by the back office staff, billed and collected by them. Only issues of admittance in good standing and suspensions of club privileges are part of the front desk function.

Dunning/Collection System

It is critical that your club has a system in place which relates to the process of collecting dollars owed to you by members. It implies a system which works regardless of who the staff is and with as little room for personal interpretation as possible. If the member signed a contract to pay the club in a certain fashion at certain time frames, then that contract governs the rules of the payment relationship. It would be referred to in all later dealings. The key challenge is to balance the positive relationship with the member and the image of providing service to him with the perhaps, perceived need to be tough in enforcing the financial obligations.

Each club needs to put on its own computer a series of dunning letters, usually a series of three. They are either sent in intervals of 30, 60 and 90 days or 30, 45 and 60 days. The first is a friendly reminder simply indicating that there must have been an oversight, but the club never re-

ceived its money. The second clearly indicated that no money has been received and that unless payment, including applicable service charges, is made within 15 days, the member's privileges to use the club will be suspended. The third is a sternly worded letter which indicates that the member is officially suspended, the monies (and at least two months of service charges by then) are still due and the dollars must be paid within 15 days to avoid turning over the account to an outside collection agency.

The intent of this last letter is to paint this outside collection agency as a third-party ogre who, once it starts, cannot be stopped. It will go to court, ruin the member's credit, garnish his wages, put a lien on his house, etc. It will either get the member who still wants to be a member to respond or clearly delineate him as a dead beat.

Your local collection agency should be identified and tested. It should be checked out for references and the manner in which it handles these types of accounts. The agency will take 30



Rick Caro

- 50% off what is collected. You need to be assured it will work small-sized accounts. Once you turn over these accounts to the agency each month, you should have an understanding that they are truly theirs. You do not want members contacting the club again to try to cut deals. The club should distance itself from the problem at that point and let the agency handle it. You will be surprised that some will pay the agency and later rejoin the club.

(Rick Caro is President of Management Vision, Inc., a consulting company to clubs and an acknowledged expert in club finances, operations, valuations and planning.)

DIRECT MAIL FOR THE CLUB INDUSTRY

By Tom Anderson

Your sales manager keeps pushing you to "do direct mail" to get more prospects. She says the standard advertising, promotional,

and referral campaigns aren't producing like they used to. After several discussions, you agree to try it. However, four months and \$7,000 later, you find out the effort resulted in only 12 new memberships, far below your expectations.

How can you get better results from direct mail? This article provides some tips on maximizing your direct mail efforts. In addition, it describes an innovative multiple objective approach to direct mail that has created tremendous results for

clubs.

Direct mail is sometimes used as a remedy for poor advertising response. As newspaper advertising has become overused by clubs, direct mail has been experimented with, often with remarkable results. However, without a clear focus on your objectives and an understanding of how direct mail works, you may end up spending a lot of money and gain little in return.

Some Things to Consider When Planning Your Direct Mail Campaign

Here are some things to keep in mind when planning a direct mail campaign for your club:

The Offer. The offer is the most important part of the direct mail formula for clubs. While the graphic design, copy, and mailing list have their roles in the formula, the offer is paramount. The only way to create an offer that works is to first determine what your goal is for the direct mail campaign. Is it to create referrals? To get people to try your facility? To encourage increased usage by the senior population? Creating the offer is much easier once you know your

objective.

The Investment. Direct mail is not necessarily cheap or expensive. Some direct mail publications take one opinion or the other. The relative expense of direct mail depends on several factors, including your sales channel cost, the cost of the direct mail piece itself and the campaign's success.

No Quick Fix. Direct mail is not a quick fix to lagging membership sales. It takes more time than placing a radio or newspaper ad. Sure, you can put out 5,000 copies of a quick flyer and stick labels on them. However, it takes two to five months to see results from a quality direct mail program that has been integrated with your club's operations.

Review, Review, Review. Have at least 10 people review your direct mail plan and piece. You may want to include your post office's business/bulk mail manager, club sales/marketing manager, printer, and a few trusted members. And, don't ever rely solely on the opinion of your husband, wife or partners.

Postage Class: Bulk mail is acceptable if you are sending to resi- (See Direct Mail page 7)

IT'S WORTH A TRY!

4 WEEKS

FOR JUST

\$59

AND THERE'S MORE!

4 weeks for \$59

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- 7 Sports Clubs locations*
- racquet sports programs
- all the privileges of full membership
- aerobic & Step classes
- full use of all facilities
- children's programs
- personalized fitness programs
- social events & parties

Present this flyer when you visit the Club nearest you, or call first to arrange a tour!

HURRY! This special offer expires October 15, 1993. First time users only.

The Sports Clubs of Canada

Dunfield Club 110 EGLINTON AVE. E. 485-0343	Northridge Club 580 YONGE AT FRICH 222-9500	Bloor Valley Club 555 SHERBOURNE ST. 961-4695
Bloor Park Club YONGE & BLOOR 922-1262	Parkview Club EDMONTON & AT LESLIE 441-6163	Wellington Club 111 WELLINGTON W. AT YORK 362-2582

NOW! More Space! More Equipment! More Clubs! CHECK IT OUT!

* SEPARATE SPECIAL OFFERS 4 weeks for \$79

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SPACE EQUIPMENT FITNESS CLUBS FUN CHECK IT OUT!

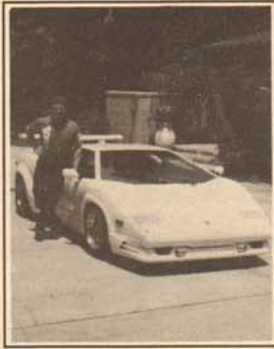
Direct Mail Samples Compliments of Sports Clubs of Canada

Red Lerille's Health and Racquet Club

Case Study - Part II

By Norm Cates, Jr.

Many years ago, I was talking to a person about going to Hawaii, as my wife and I were planning a trip there and we had never been. He told me something which I have never forgotten. He told me that when I got to Hawaii and had checked into my hotel, that the first thing I ought to do was to go to the beach and stand on the shore looking out at that vast sea. He said: "You will get an unbelievable SPECIAL FEELING when that wind blows in your face and you will be uplifted with a strange spirit and sensation of happiness and freedom." He said: "It is like nothing else you will ever experience." You know, I did what he suggested. And, he was right. That SPECIAL FEELING surged into my mind and spirit as I stood there on that seashore looking out over that vast expanse into the unknown. I received a sense of peace and tranquility come over my body which uplifted my spirit and made my heart sing. I'll never forget it. My friend was right about the SPECIAL FEELING.



Lerille

Well folks, Lafayette, Louisiana is along way from Hawaii, but if you are in the club business and you want to know about success in that business, just come to Red Lerille's Health and Racquet Club. Red's club honestly has an aura about it which is a special and difficult feeling to describe. The place is full of HAPPY PEOPLE. The members and the staff have this POSITIVE ATTITUDE of excitement and happiness about them that is hard to describe unless you feel it.

For 31 years, Red Lerille and his team have been crafting this place to deliver a special feeling to those who come there. I

think they have been able to accomplish what many club operators are trying to accomplish. They have in fact, made their club into a RESORT for its members. This place just has a SPIRIT about it that is hard to describe. In last month's **CLUB INSIDER**, we brought you a look at Red's history, his facility expansion, his management team and his financial performance. This PART II is about Red and his members.

RED LERILLE'S MEMBERS... the people with "THAT FEELING"

MS. CAROLYN PATIN

Let's start with RED LERILLE'S #1 member. Her name is Carolyn Patin and she has been a member of RED'S since DAY 1. She joined RED'S as the first member of his Johnson Street location, back in the days when they used split shifts, to separate men and women. If you want to come to understand about Red's

and this special feeling, all you need to do is talk to Ms. Patin. She says she uses the club every morning around 6:30 a.m. Usually she will spend one hour on the treadmill. She says: "I make it my priority." She had open heart surgery 15 years ago and she says that her regular exercise is the best medicine for her. She says: "Red simply provides us with the finest of everything." She says that the "atmosphere here is always up." She explains that she has made and keeps many priceless friends from Red's. She appreciates that fact over the years. In speaking of Red she says: "He is such a good person, one to be admired. He is always striving to better things for his members. She firmly believes that her exercise is much better than medicine. She says that some days she just doesn't feel very good, but when she comes into Red's it turns it around and she feels much better every time. Probably the best way to describe Ms. Patin's feelings about Red and Red's club is a feeling of love. She says it is just like being in her

home with loved ones when she comes to Red's.

Carolyn Patin, a member of Red's for 31 years is just one example of the happiness and results that Red Lerille and his club has provided this beautiful Louisiana city. There are hundreds more. Over 2,000 people per day come to Red's to do their thing. Red has had a serious impact on the minds and bodies of the people he has served over the years. In fact, even when people move away from Lafayette and leave Red's, they feel that they are still members. In Atlanta, in my clubs over the years, I have met at least 10 former Red's members. The feedback from them has been consistent each time... they simply swear that Red's is the most incredible club you will ever see... and I think they might be right.

THE CHIEF

Red's story is about love and commitment. Another Red's member who has been with him for many years is the CHIEF. Chief (See Red Lerille page 10)

Capitation of Health and Fitness Services

By Neil Sol, Ph.D.

Clubs have the opportunity to become the health resource center of the community. In an era where preventive health has become a key consideration, Americans, individuals, corporations, and even managed care providers are seeking those facilities and professionals to lead in the quest for optimal health. This desire is obvious as the debilitation of sickness does not only diminish the quality of life for individuals but its expense continues to rise in an exponential fashion.

Ironically, the American medical genius has devised costly, often miraculous techniques to keep people with disease alive, maintaining a medical focus on repair. Not until now, have we focused on eliminating the cause of disease, hopefully impacting health care expense. It is now the time for the leaders of the club industry to apply their creativity and ingenuity at developing programs and services to keep America healthy. One such

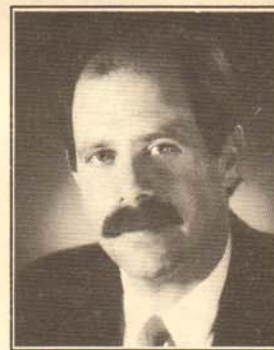
strategy incorporates the very current concept of Capitation. Typically, in the health insurance arena, corporations pay a fee per employee per month to serve as a premium to cover sick care.

The club industry, in an effort to promote health, can use the concept of Capitation as a means to provide relatively inexpensive preventive health and fitness services to the corporate market. Under the capitated model, the club will provide comprehensive health promotion services to the employees of corporate clients. Capitation is not a new concept to some clubs as they have offered capitated memberships to corporations before. The typical club capitated model was a fee paid per employee per month for any or all corporate employees to obtain club membership.

The problem with this strategy is that typically only a percentage of employees are interested in a club membership and ultimately use the club. The remaining percentage of employees reap no preventive benefits as they do not use the health and fitness services. It is usually not long

before the company realizes they are paying a fee for employees who are not using the facility and renegotiate to only pay for the users. The benefit of true capitation philosophy of receiving a fee for 100% of the employees disappears. A better Capitation strategy for clubs to consider is to expand the menu of health promotion services beyond that of club membership offered to the corporation. This menu should be designed in a way to provide valuable health promoting service to all employees, even those who would choose not to use the club facility.

Amenities such as health risk appraisals, health fairs, newsletters, wellness seminars, lectures, and coordination of athletic leagues are just some examples of programs that can be provided in addition to club utilization/memberships. Within this approach any employee will at minimum gain 1) positive health education through newsletters, paycheck stuffers, lectures/seminars; and 2) early disease detection through HRA's and health fairs. With this strategy, all employees benefit and



Neil Sol, Ph. D.

as shown in recent research pertaining to the economic benefit of employee health promotion, there will be numerous benefits accrued to the company also.

What makes Capitation work, however, is volume. Volume enables the club to provide health promotion services both on-site and off at significantly reduced monthly rates. Therefore, it is important to solicit companies with large employee populations. Thus limits the market, however, as the number of large corporations is dwindling. Luckily, the club capitation model is

not dependent on securing only large corporations. Since the key to success is volume, volume can be achieved by grouping small businesses into coalitions or purchasing groups. Thereby 20 companies of approximately 50 employees can be grouped and provided with services in a similar fashion to a single corporation with 1,000 employees. Grouping purchases to achieve discounted fees is not a unique concept, it is a standard procedure in the medical/health insurance industry.

The old club model of selling corporate memberships was to access a company and to offer a discounted initiation and monthly dues to any employee who voluntarily chose to purchase a club membership. This process tended to be passive with the club waiting for employees to take the offer. With capitation, the club sales team can be aggressive in helping corporate management decide for 100% of the employee population.

Let's think hypothetically for a moment. Your club is working with a company with 500 employees. With the old club corporate sales method you offer reduced ini-

(See Capitation page 15)

MANAGING YOUR SELLING TIME

By Brenda Abdilla

A recent study on the productivity of sales people found that the average sales person spends only 20% of their time engaged in a selling related activity. Only 20%! That's 1.6 hours out of an 8 hours day. It's hard to take that kind of information, yet anyone who has ever sold knows how easy it is to get distracted by relevant, non-sales related tasks. Here are a few tips to help you rise ABOVE THE AVERAGE.

SET YOUR GOALS NOW!

There is no getting around it. If your time management is out of sync, then it is evident that you are without a clear set of both personal and professional goals. I suggest you take 3 - 4 hours sometime within the next 7 days and map out your goals. Include everything you want to do, be and have. Think about 1994 and what success would look and feel like to you. Picture everything and then write it down. Of course you know the power of the subconscious is activated by writing goals down. Buy yourself a nice blank book or add a special section

to your daytimer. You will be astounded at your progress by this time next year.

FIGURE OUT PEAK TIMES FOR SALES ACTIVITY

Your selling peak time has nothing to do with the club's peak time. Figure out your peak selling time depending on your market. If you work in a downtown location or one that has a substantial business clientele, then you know that you can begin reaching people by telephone around 8 A.M. and that you would never go to lunch during the noon hour as this is your peak time for tours. Also, early afternoon is a peak calling time and right at the end of the day is perfect for scheduling tours. In a suburban market evenings and weekends are key. For all clubs Mondays and month-end are peak times for sales activity — just basic human nature. Make sure that you don't plan time off, errands, paperwork or lengthy meetings during your peak selling time.

LEARN FOCUS - THIS IS A TWO-PART TIP

First, we need to de-

velop the skill of focusing on what we are doing while we are doing it. When you are on the telephone with a prospect - be present, be aware. When you sit down to do your paperwork, finish it. No coffee, no calls, no chatting - just paperwork. Decide what tasks need to be done and when you are to do them. Make a list of what you are to accomplish each day and see that you complete it. The secret bonus in accomplishing tasks is increased self-esteem. The opposite is true for tasks you set out to complete but do not finish.

The second area of focus relates to the TYPE of work you are involved in. Of course each club is different, however you and your manager need to evaluate each task that is assigned to you and ask this question: "is what I am doing now going to result in a sale for the club?" The salesperson(s) is the only one in the entire building that can turn activity into \$\$\$\$. Therefore each task should be scrutinized as whether a non-sales person may be more suited for it.

LEARN TO COMMUNICATE LIKE A PROFESSIONAL

Communication skills are key to making more of your time. This skill comes into play when you are working with your prospects. Learn to articulate clearly and learn to listen attentively. We waste so much time when we don't understand exactly what the prospect NEEDS. Secondly, we need expert communication skills to manage other people in our lives. Example - You have just started work on a huge pile of paperwork, when one of your interactive co-workers walks in — they want to chat. Stand up! That's right, stand up and your body will gently communicate to them that you are busy and serious about what you are doing. Also, we need to learn to say "NO" to things that will distract us. Start this process by asking questions about each task or event. If you agree to take something on, make sure you understand it fully and can follow through on it. Otherwise find a way to say "no."

GET ORGANIZED

Come in on a Sunday night, bring some good music and clean your life up. Throw away

old leads, organize your good ones and develop a system. Make your work area attractive and make sure you have everything you need in a place you can find it. Don't stop there! Clean out your car and organize yourself at home, too. You will be astounded at the heightened feeling of self-worth you'll get.

The nice thing about having a handle on our time is that it creates a feeling of freedom. It also lowers our stress level and makes us much more focused and smooth as salespeople. Today is a perfect day to get started!

(Brenda Abdilla is a professional sales trainer and is known as one of the fitness industry's leading speakers and authors. She assists clubs and resorts around the world in making vital changes in the area of sales, service and management. Brenda owns the Denver-based training company, Club Profit Systems and can be reached at (800) 448-0180 or (303) 832-4445.)

"DO YOU LOVE LIFE? THEN DO NOT SQUANDER TIME, CAUSE THAT'S THE STUFF LIFE IS MADE OF." - Ben Franklin

Gym Rat's Paradise: They Never Close

By Mueh Sneed

John Bain and Chris Manley didn't hear voices from a cornfield telling them to build the Run'N'Shoot Sports Center on Stewart Avenue. But they took a chance and built a basketball field of dreams, and people are coming in droves to an abandoned grocery store transformed into a hoops paradise.

For \$3 a day, players make use of six full courts and four half courts on a \$300,000 hardwood floor. The club also has a carpeted track, weightlifting, exercise facilities and aerobics classes.

The club is open 24 hours a day and draws as many as 1,000 people daily to an area of town better known for its rough reputation and adult entertainment clubs.

"We built this place for the community," Manley said. "I feel like we are breathing life back into this area. They see that we have been able to bring a quality product

here and the community is taking care of it and respects us for being here.

"We took a building that was disgusting and gave the community something that was needed. I think it will challenge other to try the same thing."

The facility, which opened last December after nearly a year of construction, attracts athletes who like the idea of having a place to work out and play basketball without the heavy expense of joining a traditional health club.

"There was no place to go around here without making major investment," said East Point's Terence Mills. "For basketball you had to be in a league or play outdoors. To work out you had to join a club here, pay your money and work out or play ball. I come maybe three times a week. But if I don't come I don't have to feel guilty as if I had joined a club."

Bain, who owns a chain of video stores, bucked tradition in the athletic-club industry by

going to a daily fee rather than memberships. His reasoning: People don't want to buy a basketball court, they just want to rent for a while.

"When we were looking for investors and we told them that we were putting this state-of-the-art facility on Stewart Avenue, they couldn't say no fast enough," Bain said. "But this is where it was needed.

Basketball is big here and there was no place to play. Here you pay your three bucks and you play ball.

"Don't look for us to furnish towels and the little nicely shaped soaps or valet parking. People don't want to pay for that. They want to play ball, and they can do that here in a setting they can't get anywhere else."

Neighboring businesses see

Run'N'Shoot as an asset. The Crossroads Shopping Center sits on the corner of Stewart Avenue and Lakewood, next door to Run'N'Shoot, and more people in the area means more money to businesses.

"Having them here is definitely a plus," Crossroads Shopping Center Manager Mary Beets said. "Our merchants are

seeing increased traffic as a result. No matter if it's 7 a.m. or midnight, there are people there playing basketball. They have taken a building that had been vacant for four years and was nothing more than a catch-all for all kinds of trash. Now it looks nice."

(Reprinted with the permission of the Atlanta Newspapers.)

SALES & MARKETING DIRECTOR POSITION

One of the finest San Francisco Bay Area Tennis & Athletic clubs seeks experienced individual in private club Sales, Marketing & Public Relations. Must have proven track-record, professional appearance and speech, self-motivated, innovative, high-energy. Excellent compensation & benefits. Position open now. Send or fax resume in confidence to: JRN, 200 Packet Landing Road, Alameda, CA 94502 - FAX (510) 521-5535,

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• LAWSUIT OF THE MONTH •

WATCH YOUR LIABILITY

The following article appeared in a local newspaper in a Western City. The article keys in on the importance of paying attention to all details of your club operation and staff behavior. Note in the article that the lawsuit claims that the owners "should have known" about the situation. This suit is putting full responsibility on the shoulders of the club owner. The name of the woman and the club are fictitious.

A Newspaper Reprint

A woman who alleges that a "peeping Tom" watched her undress at an eastside health club, filed suit Wednesday for the "humiliation, embarrassment, mental anguish and outrage" she suffered as a result of the invasion.

The complaint, filed in Superior Court, alleges that as Jane

Doe was undressing to take a shower in the women's locker room of the club, she was observed through a hole in the wall by a male employee of the club.

"While semi-nude, (Jane Doe) heard a locker room door opening behind her. When she looked at the locker, she observed a straightened coat hanger coming from the inside rear of the locker, slowly pushing open the locker door," the complaint states.

"Upon closer observation, she noticed that the rear of this locker was not solid sheet metal, but rather a grid of half-inch ventilation holes. (Jane Doe) then observed the coat hanger quickly being pulled back inside the locker and withdrawn through one of these vent holes into an approximately six-inch hole in the wall behind the locker." Furthermore, the complaint states that two pieces of jagged mirror were

permanently attached to the side of the locker, thus enabling the "peeping Tom" a full view of the entire women's locker room."

Jane Doe apparently discovered that a maintenance closet was located on the other side of the locker room, behind the wall and that the hole had existed for about two years. The complaint states that the "surreptitious observation by an employee or agents of the club of Jane Doe undressing in the privacy of the women's locker room constitutes an invasion of privacy and was highly offensive to her." Jane Doe and her lawyer, also claim that jagged mirrors constituted a "serious health risk" to members of the club. They also claim that the three owners who own and operate the club, "knew or should have known" about the situation.

Comment: Just when you think you have heard it all, whoop... there it is! In this case, the buck

stops with the owners of the club, but the manger of the club could have prevented this "showtime" from lasting for two years by conducting regular inspections of all areas of the club, including the inside of each locker.

Editor's Comments: Thanks to Mike Chaet and CMS for this Lawsuit of the Month. Come on Folks, sharing of the experience of lawsuits might help one of your fellow club owners

from being sued and someday, YOU might be able to avoid a lawsuit by reading this column every month. But, I can't just make these stories up. SHARE your experiences with us. As you can easily see, ANONYMITY IS GUARANTEED for anyone who wishes to share, but prefers not to be publically linked to the situation. Call 800-700-2120 or FAX your ANONYMOUS LAWSUITREPORT TO CLUB INSIDER - FAX (404) 933-9698.

TOP TEN RULES FOR SUCCESSFUL CLUB MANAGEMENT

By Bob Chaiken

1. Make your personnel your #1 investment in terms of both time and money.
2. Hire only "eagles" and don't settle for mediocrity. Hire people who in some significant ways are superior to yourself.
3. Before leaving work each day, draw up a "to do" list. When you arrive at work in the morning, do the A items immediately and delegate the C items to your staff.
4. Focus on key issues even if they seem overwhelming, attack the problem every day, bit by bit if necessary, until it is completed.
5. Become an expert in sales management. Effectively manage the attitudes, work habits and communications of your sales staff every day.
6. Work on your Club's Business Plan or key objectives every day. Establish priorities for each department and each employee that directly relate to your priorities.
7. "Know your numbers," that is, become emersed in the financial aspects of the Club and use that management information in moving the business forward.
8. Make a commitment to member service, not just lip service, a real effort to positively affect every member's experience in the Club.
9. Plan and complete a significant change in your facility and in your product each month.
10. To accomplish the above rules for success, you need to devote 50% of your time to thinking, creating and planning - not just doing a job.

EDITOR'S NOTE: Chaiken is a veteran of 20 years of club management. He currently serves as the General Manger of the FLAGSHIP ATHLETIC CLUB in Eden Prairie, Minnesota. Bob supervises 250 full and part-time employees at Flagship. Thanks Bob for submitting this Top 10 list to the CLUB INSIDER!

YMCA Woos City Of Alpharetta

ALPHARETTA, GA - The Metro Atlanta YMCA has 32 acres located in Alpharetta, GA, a suburb of Atlanta, which was donated to the Y by The Perot Group. The Y has the land, but no funds to develop the site. Now, the Y organization would like the city of Alpharetta to be its partner to develop a 50,000 square-foot recreational facility. Under the proposal put forth by the YMCA, the city would own the facility and the YMCA would manage it. Dan Pile, branch executive of North Metro YMCA said: "We thought it was a good fit. The city has little land East of (Georgia) 400 and the ability to generate cash. Plus the city supports providing recreational facilities for its residents." The city officials are studying the proposal and plan to survey residents on the idea.

This development is the kind of competition club operators around the country are up against. Not only do you have YMCAs putting up major multi-purpose operations, you have hospitals and churches doing the same thing. The club ownerS must prepare to contend with these "deep" pocket deals because they are on the way. The local clubs can get together to fight the approval of these deals by showing the tax payers how the developments will ultimately cost them more taxes. In the case of Alpharetta, this city is located in North Fulton County, an area where the home property taxes have skyrocketed in recent years.

...Direct Mail

continued from page 4

dents only. If you are going after the corporate market, only use first class mail.

•Let Them Respond Their Way. Make it as easy as possible to respond. Give them the choice of stopping by the club, calling you, faxing you or mailing a card back to you. Ensure that any card to be mailed back is tear-off business reply card that doesn't require a stamp.

•Stand Alone and Deliver. In general, do not put your direct mail piece as part of a card deck or other media where you are not getting the prospect's entire attention. The costs of a stand alone piece are greater but so are the results. This doesn't mean that you shouldn't include a direct mail piece as part of another mailing. For example, you may want to approach a local bank or credit union and see if they would allow you to offer a special promotion to their customers or members by inserting a flyer into their bank statements.

•Follow Up. Your phone may not ring off the hook with people wanting to join after a direct mailing. For the club business, the direct mailing serves to gain awareness of your services and to get them into your facility. It is only the first step toward creating a member. Once you have the prospect's attention, you need to convince them that you have benefits that they need and

should purchase.

•Create Urgency. Don't forget to put a deadline on your offer. Without a deadline, people procrastinate. The deadline can also serve to protect you against an over-enthusiastic response. If you're using a letter to address your prospect, make sure the deadline is in the "P. S." section of the letter.

Try This Approach Before Renovating or Building A New Facility

If you are thinking about an upgrade or expansion to your facility or if you are planning to build a new club, consider a direct mail campaign strategy that achieves several objectives. A technique used with great success by Maxan is to create a direct mail piece that focuses on the following goals:

1. Get names, addresses and phone numbers of qualified prospects.
2. Obtain market research information on what your local market wants in a health club and allows you to design you club accordingly.
3. Build a database you can use for later direct mailings, pre-opening and grand opening party invitations and telemarketing.
4. Notify the community of your plans and cause them to re-think their plans for renewing or joining at competitor facilities.

The strategy of this di-

rect mail piece is to solicit the community's opinion of what they want in their club. A simple but complete list of facility services and amenities is shown for the responder to evaluate and rate. Responders to the piece can either mail or fax back their preferences. An offer of a free two-week membership is made to increase response.

Once a response is received, a personalized thank you letter or card is sent to responder with 5 days. This personalized letter or card also serves as the respondee's free two-week membership certificate. Once the completed facility is open, the responder can redeem the certificate for a two-week free membership.

When implemented correctly, this direct mail strategy will achieve a greater than 5% response rate without a major investment. The information obtained from this direct mail campaign is also powerful ammunition when speaking with investors, banks, press and other groups with an interest in your success.

(Tom Anderson is the president of Maxan, a business and marketing consulting company focused on small and medium businesses.)

If you have questions you would like Tom to answer or comments on this column, please contact him at the Club Insider by mail or fax. You may also reach him in person by calling (310) 546-2974.

Arnold Turns World Gyms Over To Joe

A couple of years ago, Joe Gold was very ill. He is much better today. Due to his health problems, Joe asked his friend Arnold Schwarzenegger to take over the operation of the 185 licensed World Gym chain. Arnold agreed and began the process of getting involved in business.

Arnold hired Tom Vitacco as Acting President and CEO. Vitacco has a 25-year track record of operating licensing and franchise businesses. Vitacco began immediately to install business technologies which would give the chain of gyms a better operation and more standardization from location to location. He installed operations manuals to help standardize the gyms. He also began to

set more rigorous financial requirements for World Gym Licensees to qualify. Vitacco says: "Along the way I had a delightful experience and I made a lot of new friends."

In December, after realizing that he was much better as far as his health was concerned, Joe Gold decided that he wanted to have the World Gym chain back. So, he went to Arnold and told him that he would like to step back into control. Arnold wanted to cooperate with Joe and went along with the deal, turning controlling interest back over to Joe Gold. Joe now is back in the role of leader of the World Gym chain and we wish him the best of luck and excellent health!

Bally Watch

LOS ANGELES, CALIFORNIA - The Los Angeles County District Attorney's office obtained a stipulated final judgement settling a civil suit against Bally's Holiday Health Spa for allegations of misleading advertising.

A permanent injunction was also obtained prohibiting Bally's from engaging in deceptive practices.

Under the terms of the settlement and injunction, Bally's is prohibited from engaging in misleading, deceptive or false advertising and must clearly and conspicuously explain any limits on offers for services at its fitness centers.

Bally's has forty-eight Holiday Health Spa fitness center in Southern California.

"Truth in Advertising, that's what this case is about," said Deputy District Attorney Cynthia Zuzga who handled the case along with Head Deputy Thomas A. Papageorge of the consumer Protection Division. Zuzga said that Bally's Holiday Spa had also failed to provide Spanish speakers with Spanish language contracts as required by California law.

Zuzga said Bally's is now

providing contract in Spanish.

The company will also pay \$138,000 in civil penalties and costs under the stipulated final judgement which was signed on February 17, 1994 by Los Angeles Superior Court Commissioner Murray Gross.

Zuzga said that the case brought to the District Attorney's office after the Los Angeles County Department of Consumer Affairs received over one hundred complaints from Bally's Holiday Health Spa customers who said they could not resolve contract disputes with the company.

The complaints began in 1990 and the case was brought to the District Attorney's office approximately a year ago.

The judgment was entered without any admission of wrongdoing by Bally's.

The "BALLY WATCH" goes on. If you wish to reproduce this article for the purpose of educating the consumers in your area about the activities of Bally's Health Clubs, feel free to do so.

If you have any information about the Bally organization's activities be sure to let us know by calling toll free 800-700-2120 or faxing information to: 404-933-9698.

The Frog's Deadbeat Bulletin



The FROG took a vacation this month due to no juicy stories to tell.

Let us know about how you have been taken in a bad deal.

We will keep it anonymous if you desire.

NEW ADDITION TO CEDARLAND FAMILY FUN CENTER

Where is Cedarland? Right across the street from Cedardale Athletic Club on Boston Road in Haverhill, Massachusetts.

What is Cedarland?

It is a division of Cedardale that consists of a Family Fun Center including miniature golf, batting cages, an arcade, a Corporate Outing Center, a summer Day Camp for children and an Aquatic Center. Many of these facilities are open to the public as well as members and the latest concept to arrive is an all new pay-for-play children's play/exercise system.

The concept, according to

Zoe Veasey, that Cedardale's Management Team is sponsoring is Family Fitness. The installation of a "soft-play" exercise unit will provide fitness while children are "at play." The play unit, an organized, safe environment, offer a series of "play events" providing upper and lower body exercise. Exercise that requires pushing, pulling, crawling, climbing, swinging, sliding, as well as slogging, squirming, and bouncing. Sound Fun? It is, children love it for the challenge and adventure. Cedardale's managers plan to develop a host of services for youngsters. Birthday parties will be available which will com-

bine the play exercise with swimming or miniature golf if desired and combinations of "gym and swim," refreshments, organized classes etc. will be available.

There's excitement in the air and Cedardale will open this very exciting pay-for-play unit to be available for family fun in early July.

Cedardale has and will always strive to present "the best there is" to its members and customers and this innovation moves them along their path to fulfilling their obligation to excellence.

DEALING WITH POOR CUSTOMER SERVICE

Despite your best efforts, poor service sometimes makes your customers feel like victims. Here are some tips for correcting incidents of poor service:

•**APOLOGIZE** - When you do, be sure you say "I'm sorry." To a customer, that's more sincere than "We're sorry."

•**ACT FAST** - Acting quickly to correct the wrong makes customers feel that you have their best interest at heart.

•**SHOW EMPATHY** - Customers first want to know that you care about them. This means you should treat the person first and then deal with the problem. A simple, "I know how you feel" will do it.

•**ATONE** - Offer to waive or reduce the charges. This works best if you do it before customers vent their anger. It shows you understand the problem and want to correct it.

•**FOLLOW UP** - Ask them if they're satisfied. This shows them you care and provides you with feedback on how you handled the problem.

Sources: *The Service Edge*, by Ron Zemke with Dick Schaaf, NAL, Inc., 1633 Broadway, New York, New York 10019 and Faust Management Corporation 9888 Carroll Center Road Suite 225, San Diego, California 92126.

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BOOTH #552

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As featured in January's Club Insider News!

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MEET THE INDUSTRY GIANTS

Meet some of the most interesting people in the
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Come to Booth #552 at the Reno IRSA Trade Show and Meet:

- | | |
|---------------|--------------------|
| •Red Lerille | •Cecil Spearman |
| •Rick Caro | •Mark Eisenzimmer |
| •Dick Trant | •Tom Lyneis |
| •Jay Kell | •Mitch Wald |
| •Curt Beusman | •Warren Wertheimer |
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about your experiences for possible
publication inclusion in the book
"SPA WARS"

Call Norm at 800-700-2120

Norm's Notes

continued from page 3

mission will be allowed by this Bill to inspect all martial arts studios and schools. The current laws allow the Commission to regulate martial arts contests. Thanks to Stephen Faust for this info.

PAT CUNNINGHAM owner of The Evanston Athletic Club in Evanston, Illinois is preparing to move his club to new digs in the near future. He plans to dramatically expand his cardiovascular and workout areas in his new club location. Pat has retained the services of Ohlson-Lavoie Corporation for the design and interior specifications. Good luck on the work guys.

DICK TRANT owner and operator of one of the true institutions in the club industry, The Weston Racquet Club, has introduced two activities that help round out his very nice 29-year-old tennis and swim club located outside of Boston. He has installed Croquet and has both indoor and outdoor courts for his members. He also has Bridge sessions for his membership. Years ago, at an IRSA convention in New Orleans, Dick

was dressed in a wolf outfit to help raise the awareness of the non-profit competition coming from Y.M.C.A.'s. Along with FRANK EISENZIMMER AND ALAN SCHWARTZ, Dick was instrumental in some great victories for clubs with the organization now known as "THE FUND."

HOSPITALS NON PROFIT OR NOT, Are getting into the club business in a really big way and represent one of the biggest competitors for commercial for profit clubs that there is. Examples of extremely nice, high tech clubs which are owned by hospitals are the Elmwood Fitness center in New Orleans which is a four-year-old really well done facility which features everything from racquetball with three glass walls to a cardiovascular medical department to suntanning. Outside of this beautiful club is about an acre of land with swimming pools, sun decks, sand volleyball, outdoor basketball and a gazebo area for parties. Next door to that is a very nice "Kidsports" facility which appears to be about 10,000 square feet.

EXECUTIVE INSIGHT was featured on our January edition. FAUST MANAGEMENT, the developers of EXECUTIVE INSIGHT, a business

diagnostic tool, will be at the IRSA Convention and Trade Show in Reno, Booth #1052. Stop by and talk to Dr. GERRY FAUST or STEPHEN FAUST and see the EXECUTIVE INSIGHT Program.

SALES MAKERS INTERNATIONAL has taken on a new phase of the club industry with a Management Contract for the Naples Fitness Center in Naples, Florida. Industry veterans RAY GORDON and ED TOCK will share duties at the NFC while continuing their Salesmakers Projects. Meanwhile, DOUG MILLER, one of the more interesting people you will ever meet, is moving to England to set up a European office for SALES MAKERS. These guys have worked with 308 clubs literally around the world and the SALES MAKERS SYSTEM works. They too will be meeting friends and prospective clients at IRSA Reno Convention at Trade Show Booth #374.

FRANK NAPOLITANO, a very well respected club operator from Pennsylvania who currently serves on the IRSA Board, has reached an amicable termination of his partnership arrangement with KEVIN BORSE. Frank will emerge as the sole owner of the 110,000 square-foot Highpoint Athletic Club in Chalfont, PA., and Kevin will retain control of the other clubs oper-

ated by their Sports Club Management Corporation.

CLUB TOURS OF AMERICA, a little idea conceived by yours truly after years with the Faust Executive Roundtable #1, will launch its first tour weekend in ATLANTA - HOME OF THE 1996 OLYMPIC GAMES. If you want to learn more about club designs, locations, etc. this is a great opportunity to come and preview the gorgeous OLYMPIC CITY of ATLANTA and tour the top clubs in a market with well over 100 clubs of all shapes, sizes and descriptions. Come to the IRSA Trade Show Booth #552 to pick up a flyer or check out this edition for our ad. I will guarantee you a good time and an excellent learning experience!

BIOMETRICS - One on One, a division of People Karch International has received National recognition in the January, 1994 issue of *Shape Magazine* and had its research presented at the national meeting of the American Dietetic Association. The BIOMETRICS national acceptance is gaining momentum with licensees in Dallas, Phoenix, Chicago, Virginia, Los Angeles, Minnesota and Denver.

DREAM TEAM PRODUCTIONS will provide you with the opportunity to MAKE YOUR CLUB DIFFERENT IN THE MARKET PLACE! Imagine having a way for you to enhance your corporate or prospective corporate accounts to entertain, inform, educate and build comradery with their customer. The DREAM TEAM PRODUCTIONS has the answer with "Hall of Fame Basketball." Dave Cowens, former Boston Celtic great and NBA Hall of Fame Member, heads a staff of other former NBA players to provide the highest level of basketball entertainment. The program is a multi-faceted marketing-entertainment program that can be custom tailored to your customer's needs. The program includes photos with participants and pro players, awards and certificates signed by each pro player. For information contact Jim Shirley at 404-333-4407.

GEOFF HAMPTON, one of the club industries best sales management consultants was mentioned in last month's CLUB INSIDER. Geoff is now available for assignments and I finally found his phone number and address which I had accidentally misplaced. You can reach Geoff at 908-459-5305 or write to him at: 78 Auble Road, Blarestown, N.J. 07825.

...Red Lerille

continued from page 5

John Hyde is former Chief of Police in Lafayette who was fired three different times by the local mayor, a guy who just recently survived a recall vote. The CHIEF, as he is lovingly referred to, had a stroke a few years back which left him partially disabled; but, that does not keep him from being an early bird fixture at Red's. After doing his thing, the CHIEF holds court in the snack bar area with a coffee club of sorts which consists of a lot of members who have been with Red's for 20 or more years. They basically start their day off with a little coffee and a few laughs. What a wonderful group of characters. They are friends and this is their place. And, it looks as if the CHIEF knows every member in the club as he was very helpful to me with introductions one morning.

RICHARD ZUSCHLAG

During my brief visit, I had the chance to talk to several of Red's members. Every one of them told me the same things: they love their club and the way their club takes care of them. They don't miss their workouts. They all have made friends there and it is just like a mini-reunion when they come to Red's. There was testimony from doctors, a judge, a jewelry store owner and even a man who owns and operates one of the largest ambulance services in the country, Richard Zuschlag. Richard shared that about 15 years ago, he arranged a corporate membership for about 20 of his key managers who have since been regular users of Red's. Richard says: "during that time, none of them has ever been seriously ill or in a hospital and I credit directly the results of their using Red's club regularly."

The people that I spoke to were different, but the story about Red's club and their love for him and it, were remarkably consistent. Those people with "THAT FEELING" are happy and very grateful for what Red's does for them, their businesses and their families. It is amazing.

RED'S FAMILY

Red's club has been a family affair from the start. His beautiful wife of 32 years, EMMA LERILLE has been involved in it all and she still works in the accounting department at Red's. In talking with her, she claims: "I'm not a very good interview," but Emma, you did fine. She recalls

when they used to keep the clubs books at their home. She remembered when she was involved in running the health food store and the pro shop when it was upstairs. One memory that she shared was how she and the rest of the team would provide the club and actually a lot of the community with a huge Christmas Party. And, I do mean huge. She explained that this annual event would last from 5 a.m. to 10 p.m. each year. The party would usually draw from 4500 to 5000 people with folks bringing their entire offices to enjoy the feast and refreshments provided by Red's. She estimated that the annual cost would be between \$25,000 and \$30,000! But, she added that was with her and the team putting it on. She said it was a phenomenal event. Emma is now moving into one of Red's hobbies... he bought her a new HARLEY DAVIDSON Motorcycle and as I write this, Red and Emma are enjoying BIKE WEEK at Daytona Beach!

Red's children, Mark 32, Kackie 28, Tine' 23 and Stanley 17, have all grown up with the business and have done their share.

MARK LERILLE was just a little, two-year-old boy when Red moved from Johnston Street to his location he operates today. He says: "I tell a little story when I give a membership tour... I tell them I've been here 32 years and they say, how old are you? I say well, I'm 42! And, they say: you don't look like you are 42 and I say, that's what the club does for you, it helps you stay in good shape and look young! Then I tell them the little story, my Dad opened the place in January '63, got married in February '63 to my Mom and they had me at the end of the year. I'm as old as the club." Mark has worked a little bit in all areas of the club and now works full time in the gym as a trainer since 1988. He reports to Buddy LeBas, but he also attends the management meetings with the team. Mark and Buddy share the club hours so that one of them will be on site all the time.

"I remember when Dad was going through his major growth phases and he was having a tough time keeping up with everything. Then, they began to set up the management team and I can remember my Dad having a tough time in letting the responsibilities go. I guess the biggest turning point in my life was when I went full time. You know, it was a big commitment that I had to make... to start doing this or not. I had moved to Hawaii back in 1982, thinking it would change me and when I came back, things would be different. But, come to find out, I'll always be Red's son, I'll always be "Little Red." I've grown up,

assumed adult roles, am a parent; but, I'll always be little Red, that will never change. Moving away helped me grow up. I move there to be a beach bum, but I bussed tables part time and worked in a little hole in the wall gym. When I came back, they looked at me a little differently. I quit my vacuuming job here. From 1976 to 1982, I had a job passing the vacuum. When I came back, I went into the gym. I do tours, help out in the gym, have worked in the pro shop and laundry room." Mark has done almost all of it at Red's. He is a really nice young man, a husband, a father and a Red's worker. He is a spitting image of Red in a lot of ways.

KACKIE LERILLE is Red and Emma's oldest daughter. She is 28. She too works at Red's, managing the lounge and working in the pro shop with her Dad. She has also done a number of jobs in the club: lifeguard, "passing the vacuum," bookkeeping, wiping tables in the snack bar. She graduated from college recently after what she described as a "10-year college program" in Lafayette and Florida. She enjoyed participating in a French exchange program. Kackie remembers one of her most traumatic experiences growing up as a child, when one day as a 5th grader, someone told her that Red's had been sold. She says she went home crying. She says she doesn't date members of the club and in a town of 100,000, with 10,000 members, that cuts down the potential available men that she could date. She is a beautiful, brunette with strikingly pretty eyes... the guys in Lafayette are missing out by being members of Red's due to Kackie's rule! Kackie says: "I don't think making money is what Dad is all about... it is about his love and happiness with this club and its members." She is preparing to open up her own photography studio after 19 years as a photographer herself. She will share space with her brother-in-law, David Bernard and her brother, the local celebrity disc jockey, Stanley Lerille.

TINE' BERNARD, Red and Emma's youngest daughter, is 23 years of age and married to entrepreneur, David Bernard. Tine' too has done a myriad of jobs at Red's front desk, accounting, summer program processing and registrations and including production of the club's monthly employee newsletter. In the employee newsletter each month, Tine' features such things as meeting announcements, an-

nouncements of the new things Red is bringing to the club, employee birthdays, safety tips and CPR classes. Like the rest of the team at Red's, Tine' a pretty blonde, does whatever needs doing to make the club better.

STANLEY LERILLE just enjoyed his 17th birthday. Since he was 12 years old, Stanley has operated his own disc jockey service, has become quite a local celebrity. He now has his own van and trailer and thousands of dollars worth of equipment. Stanley is a very mature and bright guy for his age and seems to be destined to take his own direction in life. Stanley has enjoyed cross country Harley Motorcycle rides with his Dad and he enjoys just doing his thing along with going to school and playing football.

To summarize the Red Lerille Family, a direct quote from Red's home answering machine probably tells it all: "Hi, thank you for calling, this is Red. Emma, Stanley, and I live at this house, but are rarely at home. We're either working out, playing tennis, shopping, working at Red's, at school, D.J.ing, flying airplanes, working on airplanes, motor cycling, or just cruising around. If you would like us to return your call, please leave a message. Have a great day!"

They are an energetic and happy group, who as a family have brought to Lafayette, Louisiana, a place that most everybody that has ever been a member loves.

INTERVIEW WITH RED

Q. Red, you have quite a history. Could you tell me how you first got involved in weight lifting and the club business?

A. My uncle Harold used to come home from the military all the time and showed me a muscle or two.

Q. Got you inspired? How long had he been lifting?

A. My uncle was in the military, and I guess he was 10 years older than I was. Somewhere around there. I was like 10 and he was 20 and everytime he would come home, he was kind of my idol. I used to make my parents take me to the Mr. New Orleans contest. That was a big inspiration for me. And, of course reading magazines like Strength and Health. I'm not even sure it's in existence anymore.

Q. I think I've figured out by looking at your 30th Anniversary Newsletter, but how long were in at the original location where country boot store is now?

A. A little over two years. I opened up in 1963 and here I opened up in 1965. Two years. About a year and half I after I opened up, I bought the land here and started construction.

Q. How much land did you buy?

A. Two acres.

Q. And its now how many acres?

A. 15 acres.

Q. When you did the most recent refinancing package to roll your bank notes together like Suzanne was telling me about, how much did the club appraise for at the time?

A. I'm not sure. You can check with bookkeeper Suzanne. (I checked and the appraisal amount in 1992 was \$10,750,000)

Q. When did you start your building here?

A. That was in 1965.

Q. How much did you pay for the two acres?

A. \$25,000.

Q. How about the building?

A. That was about \$60,000.

Q. Did you finance the first 4,000 square feet or build it with cash?

A. I financed it with the people who just refinanced it for us, the Lafayette Builders and Loan Association.

Q. How about all the other expansions?

A. Everything was built with loans. Until recently. All the recent work we've done with no loans like taking out the racquetball courts. We haven't borrowed money since the refinancing. Since 1984 or '85.

Q. In regard to racquetball court conversions, you've built up to how many racquetball courts in total?

A. 12.

Q. And, you're down to how many r/b courts now?

A. Six. The next move is to take one more racquetball court out. We'll probably end up with five.

Q. What advice would you give a club owner who has racquetball courts who is looking to expand, but is afraid to take racquetball courts out?

A. I'd take 'em out. We have six courts now and rarely are we ever booked. You can almost get a court any day and at any time if you call in the mornings. They might be booked at six or seven o'clock. Whereas years ago, we had twelve courts and you could never get a court. The only time you could get a court was maybe between one and four. That was the easiest time. We had 12 and right down the street there was a place down the street that had seven. And they're gone. And there was another club across

(See *More Red Lerille* page 11)

More Red Lerille

continued from page 10

town with six courts, I don't know how many are being used now. But, we are down to six and we don't even need six. Compared to the level of occupancy that we were twelve years ago, we now only need three courts right now, maybe two. In other words, when you look at that, racquetball is down by about 90%.

Q. Did we as club operators fail to properly teach racquetball?

A. I don't know... I don't study things like that. I don't try to figure stuff out. I just try to go with whatever is going. Try not to buck it. It's not worth fighting. It is better to do what the common stuff is and right now it definitely works—outs and cardio-vascular machines, treadmills and bicycles. I think that's the trend now and actually, in our club, it's probably always been a leader... the workout part has always been our leader. And, that's where I'm putting all my bucks.

Q. What about aerobics. When did you first install aerobics?

A. That would have been about 15 years ago when we built this row of racquetball courts. Right before the racquetball court decline started. We were going to 14 courts and I saw a man leading an aerobic class in a club in Las Vegas. It was more than an aerobic class rather than a dance class which kind of excited me a little bit. And, at that point, I decided we were not going to go to 14 courts, but to 12 instead, taking two out for an aerobics room. So, we never did get to the 14 courts. The courts were basically constructed when I told Don to put some framework up here so we could span two courts so we wouldn't have to have any walls.

Q. How much does it cost you to take out a racquetball court and double deck it?

A. It's going to be a wild guess, but I think it's costing us about \$60,000 or \$70,000 to take a court out. And, we did it I think pretty classy. It blends in with the building. I really feel good about the way we have done things. If a person didn't know it had been a racquetball court, he would think it was just another room to work out in. I think we've done a good job with it. And, upstairs where the bikes are, there's no way in the world that you'd know it was a racquetball court. That room is about 4,000 square feet plus the passageways... close to five thousand square feet of bikes, treadmills,

Stairmasters and Cross trainers.

Q. When you came in with your treadmills, did you start with Quinton from the start? How did you select your treadmills?

A. We were all at the IRSA Convention and we were looking at treadmills. So, there was about six of us. We all went out and we tried treadmills. When we finished, we all got together and we voted. Every single person out of six voted Quinton. No hesitation... nothing. We just came back and voted Quinton. I'm not saying that some people didn't talk amongst themselves.

Q. How many treadmills do you have now?

A. 24.

Q. Tell me about when you added the youth training room.

A. What the youth training did for us, we, like everybody else, got trapped into a certain sort of dues structure. We had a thing that you did not have to be a paying member until you were 14. In order to change that, we wanted to give them something. We wanted to lower the age for dues paying to 9 years of age and one of the things we gave them was the new workout room for kids 9 to 14. We tried the youth training as a pay extra like we did the aerobics in the beginning. We soon got to where it was always paid as part of monthly dues. Dues are the only way to earn a living. I mean all the rest of the things here, its dues that are paying the way.

Q. During your 31 year career, have you ever sold a contract deal with a financed membership which adds interest onto a membership purchase which is then paid over time?

A. No. We do a little contract for one year for monthly dues. It is the same amount for one year if you pay monthly or if you pay in cash. There is no interest if you pay on time. If you are late, you pay late fees.

Q. What are your membership initiation fees and monthly dues?

A. \$200 Initiation for a regular and \$250 for a full play.

Q. Describe your management philosophy.

A. I'm very loose as a manager. In other words, I would like to consider myself and all my managers more as workers than actually managers you know. And, I think we do it on a very casual basis where you know we all work, myself included. I think I manage much like my managers do, sort of on the job, hanging around, doing little odd jobs, doing whatever has to be done you know. But, I don't really consider myself a manager,

I just work here. And, just happen to own it! I don't know if I have any management style. I just do basically the same thing that I've always done here. Which is everything that needs doing that's not being done at that time. And, I think that's basically what a manager should do. I mean you want all your workers to be extremely efficient so you have no loose ends, but you've got to be realistic. That's never going to happen. Your managers are going to drop the ball. I drop the ball sometimes. You know, sometimes I come in and its a total day of day dreaming. I'm just like everybody else. We all are. And, other days I'm really focused on what I'm doing. I find I have a tendency to focus more if there is a problem. And, focus less when things are running smoothly. And, I think that's probably healthy. I think it keeps you from being under tension all the time. As far as a philosophy of operating, I don't really have one. I guess I have one. I don't know quite how to describe it. But, that's basically how we operate.

Q. Describe for me your philosophy about dealing with your members. Say, if they are unhappy, they want their money back.

A. If anybody wants his money back and doesn't want to be a member, I'm the last one that wants them to be a member. I'll give him his money back. If somebody comes and he has been a member for a few months and is totally dissatisfied or says he was transferred out of town. I'll give him his registration fee back, no hassle in cancelling the contract at anytime. You know, if a guy's been a member for a while, it may be seven or eight months and he decides to cancel, I won't give him his registration fee back, I'll let him cancel the contract. We've done that forever. We try to take care of people as best we can. If anybody has problems in the snack bar, we give them their food. I want everybody that works for me to realize that they can do that.

Q. So, you fully empower your people?

A. Yes, I'm not saying they do that. Sometimes it is hard for some of the younger workers to do that. I wish all of my workers at every level could learn to be that flexible. Yes, they have the power, but they don't all use it. I try to make them as happy as possible. If they want out, I try to make it as smooth as possible. One day they may come back.

Q. Over the years of dealing with the people in that manner, how rewarding has it been to see a person come back in after two or

three years?

A. Many do. But, if you don't treat them properly, and they have a bad feeling when they leave, they are never coming back. They will never go to anybody else's health club either and that's really bad. But, if you treat them properly and you know, a lot of people come here, often I know they have not been treated properly at somebody else's club when they start asking the questions like how do you handle this, how do you handle that, do you sell the contract to a finance company. So, when they start asking all the questions, I know that they have had problems somewhere and I try not to do that. I'm not saying we make everybody happy, but I think by and large, we shoot to make everybody happy. And, I want a place that I feel like coming to work, too. I don't want a place that's so structured, I'm not a very structured person, I lead a certain structured life, I wake up at a certain time, workout at a certain time, do my workout because I want to get lots of things in.

Q. You have a policy that if one of your people has a problem with one of your members, you want to be informed first before that person gets to you, could you elaborate on that policy?

A. The reason is that I'm very easy to find here, so 9 chances out of 10, I may know the member very well. I know that the members coming to me. I want to know what is happening, so I want to know in advance about why a person is calling or if they are going to come and approach me. I don't like to be surprised. I mean, I'm listed in the phone book... they can call me anytime.

Q. You have a new member sheet which explains your club's accounting system and covers the 10 most asked questions on the bills for members. What I want to understand is about your policy on dealing with members who don't pay their bill to you. How do you handle that? What is your philosophy for dealing with people who have come on hard times who really want to be a member, but can't afford to due to some financial setbacks.

A. I'll work with anybody who comes and talks to me. But, I don't like when a person gets way - way behind and then comes and talks to me. If they get a little behind, I'll work out anything with them. I just don't like it

when someone runs up a big bill, then says he can't pay. He might charge a few tennis racquets and eat for two or three weeks and not pay his bill. That's not too good. I don't think I like that. But, if a guy has a little problem, I'll let him ride me for a while, I've done that before.

Q. What would you say has been the most dominant factor in your membership dues pricing?

A. It is a mix of things. There are weight places where a guy can workout for less. I guess the biggest thing is that our cost of operation is always something to contend with. Plus, we do constant maintenance, constantly adding improvements. In most clubs, they don't do what I am doing by adding and changing. I mean look what has happened since you were here in August. We converted a racquetball court, we've added about 30 machines, we are tearing out the outdoor jogging track and resurfacing it, we've refinished the entire basketball gym floor. We put in that huge drinking fountain/ice distribution machine that cost us \$11,000! All that's happened since August. So, we've done a lot of things. The equipment is probably the biggest thing.

Q. If you were to be advising an upcoming young club operator about the constant improvement concept, how would you advise him?

A. Do an improvement monthly. The biggest reason is that it excites the member and he brings his friends and that's how you get new members. There's no question, that the most important reason. #2, it excites the hell out of all of your workers. #3, it excites the hell out of the owner! I mean you've got to be excited about things. And, if you're adding new things all the time, especially if you are a person who likes to work out, I like new little trinkets to play with. And, I think nothing can be more important than an owner to workout and stay in shape because then, he at least knows what's going on a little better than if he doesn't exercise at all. The guy who goes to the Convention who exercises is a better trained eye for buying equipment than the guy that doesn't.

Q. If you are in a situation in a club and you want to make improvements and you can't afford to make improvements, what other alternatives would you suggest?

A. My opinion, if you can't afford to make improvements, then you will go out of business, so it won't matter anyway. I would make improvements, I don't give a damn whether you can afford it or not. I set a little law when I went into business that I never go one month without making an improvement of some kind.

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Q. 31 years ago? That would work out to at least 372 improvements in the club since the beginning.

A. We try to do that a year. An improvement to me might be something as small as a new piece of equipment in the gym, it might only be a bench. It could be a \$1 million dollar basketball gym one year, it could be new tennis courts or a pool. The important thing is that you have this feeling that I'm growing no matter what. It's like I like to use the same concept when I'm working out... always progressive weight training... always adding a little weight... 2 1/2's or one more rep, but always, I feel like I made some little improvement. And, the same thing with my facility, I feel like I'm going to do something... it's the same thing with my antique airplane collection... I feel like I'm going to go out there and do something everyday on my airplanes... if nothing else, just look at it and rub it, some improvement to improve my airplane situation. I like to do that with everything in my life, you know, maybe pay a compliment to my wife. I try to do something in every part of my life.

Q. What about rearranging and moving things?

A. I think that's good too... but, don't think you are fooling anybody. But then again, you might fool adults, but don't try to fool the kids. Can't fool kids. Again, its real important to make those changes, if nothing else, it keeps them enthusiastic. You feel like you are growing. In those times when we were losing big time numbers of members, one time we lost 1700 members in a short period because of the oil crisis. I still made that monthly improvement of some kind, because I knew that the losses wouldn't last and if it did last, what the hell, I was going to go out swinging. I feel if you don't do these things, you are going to go out, you know... you only have to look back at the corner grocery store. Now, why shouldn't that guy have become the Supermarket? Why shouldn't he have had it? Why did he let the other guy come in and do it... why couldn't he be the big Supermarket? He was there first, but chances are he was selling the same kinds of foods on the same shelves with the same linoleum on the floor. All of that stuff was probably the same because he did not believe that he had to make improvements, he thought he would always be there. Nobody goes into business thinking they

are going out! Everybody thinks that they are going to finish their life in that business. They really do. I opened up a health club here so I'm going to do this the rest of my life. I'm not going to open up and go out of business in two months. Or, six years and go out of business. I think I'm going to be a success. Everybody does and I think the difference between those who do and those who don't is those who keep plugging away and plugging away to me its making those changes. I will make a change every month; sometimes I make 10 or 15 changes. I don't even write 'em down. I'm just going to make changes. If it gets to a point that I'm not making changes or it's tough to make a change, then I might write it down. You know what I mean... I might put it on my goal board. I need this change this month. It's not like that right now, the money's not bad... things are good, so changing is easy, but I guarantee you when things were tough, I'd put up a change on that goal board. If I had to pick ONE THING that has made me successful, its that attitude of change. You know, you'd be surprised at how many people that don't have that attitude.

Q. Do you ever dream a dream and then let it get away?

A. Well, I have this little board and I started this when I was a kid. When I wanted to win Mr. America, I used to put pictures of Mr. America on my wall and one day I was going to be on that wall. I used to tell my friends that I was going to be on that wall... I weighed about 80 pounds and I was 10 years old. I'm sure they all walked away laughing... but, I never forgot that and one day, my picture went up on that wall, you know. I'm sure my mother repainted the wall and the picture is down, but I won that contest. And, I do that with anything I want... if I want something real important and hard to get, I put a picture up on that wall. Last year at this time I decided by September 1st, I was going to START FOUR TENNIS COURTS, so I drew four tennis courts on a little piece of legal paper, put up on the wall and said we'll start four tennis courts by September 1st. The only problem... I didn't have any land to build them on. I went to talk to the lady next door and she wouldn't sell. I had to romance her a bit, a lot of hello and goodbye, next thing I know, we were sitting down talking about it. Still wouldn't sell yet, but to make a long story short, August 31st, I BOUGHT THE LAND, September 1st, I went out there with a shovel and I dug a spade full of dirt. Still no tennis

courts out there because I'm waiting for the city to change the zoning for me. I can't rush it and complain, because if I do, they will find something wrong with that land to slow me from doing it. That will give me 23 courts and when she moves, I can add three more, so I'm hoping by this time we will be started with 7 more tennis courts, giving me a total of 26 courts.

Q. When you think back on your days of training for Mr. America, how much influence do you think winning that contest had on the rest of your life?

A. Oh, everything. Not because I won the contest, but because I accomplished my goal. And, I think that was most important. I don't think the contest meant a thing. I really believe that I had the proper attitude... I realized the next morning that I was still a little red-headed fellow from Harvey, Louisiana that had another trophy... that it wasn't the end of my life... I didn't think that anybody owed me anything... I just won the contest. I went about my business... went back to school, worked in health clubs, did some posing... trained, went to school and that was basically it, until I opened up my health club. Which was a lifetime dream, also. Not saying I didn't get sidetracked. You know, you get in school and you get in all this financial stuff... I was majoring in economics. And, I liked all that, but the thought of wearing a suit all the time and working in a bank or financial institution didn't excite me at all. So, as time rolled on, my little dream of opening up a health club became a reality. Found a little building in Lafayette. I worked for Alvin Rowan one summer in Baton Rouge. I always worked in health clubs. He was one of the first guys to have a chain gym business way, way back. He had one New Orleans and one in Baton Rouge and his sister had a few in Dallas. I learned a lot from Alvin. He was a tough operator. He was a real pusher to get the bucks in. I learned a lot, #1 I got no salary... I had to sell memberships. I could do all that... but I don't know if I would want to do that again. But, Alvin taught me a lot. I spent past the summer there. Alvin was invited to go to the world weight lifting championships as a coach. And, at that time, I was still in school, but I dropped out of school and stayed on with Alvin until December or January. And then I opened up my health club shortly after, here in Lafayette.

Q. Want made you come to Lafayette?

A. To be honest with you, the way I ended up here was when I came home to compete in the Mr. America contest. I had gotten stationed in Hawaii in the Navy. There, I had won some local contests and the Navy eats that stuff up. When I won Mr. Hawaiian Islands, they had an 8 X 10 photo of me on the front page of the Hawaiian newspaper. Like I said, the Navy loved that because maybe on the weekend before they might have shown them arresting a whole bunch of drunken sailors, putting them in jail, so this was a real nice thing. So, I never had to go to sea again. All I had to do was eat, sleep and train for contests. So, I was in pretty good shape, so in 1959, I decided I wanted to go for Mr. America. So, I took two months leave and went home to train. I competed in a contest in Baton Rouge, LA., and at that time I met a guy name Mike Stansbury who had a health club in Lafayette. So, I came down and saw Mike and a little girl friend who were on the beach. I was contacted by a guy named Gordon Blake, inviting me to a meeting in New Orleans. Gordon Blake introduced me as a Mr. America contestant. He said the next day he wanted to take me to Lafayette. He took me there and I went to Lafayette and worked for Mike's gym. I won the Mr. America and then came back, went to school for three more years and then I opened up my health club. Lafayette was growing... I was always doing well. I think the big thing when I say I was doing well, by some people's standards, maybe I didn't do well, but I was doing what I wanted to do which is what I consider being a success. Doing what you like to do and enjoying what you're doing. A lot of people go to work and make a tremendous amount of money and can't stand what they do. I'm not going to do that. Not that every moment is perfect... but, I love what I do. I feel I have the best job in the whole world.

Q. You don't have an office do you?

A. No. I have no place to use a phone privately. I have to hide in the closet in the pro shop to use the phone privately. But, I like putting pressure on myself and not being able to hide too easily. I try not to do that, I try not to hide in my facility. I try to be wide open. If somebody has a compliment, I'm there to get slapped with it; if they have a complaint, I'm there to be kicked with it, too. Whatever. I think I like to operate that way. I like to operate under a little pressure all the time.

Q. Have you ever had an of-

fice?

A. No. Only the office we use to sell memberships here and everybody uses this office.

Q. I know you are a member of IRSA. What about other associations?

A. Basically, as far as the club, the only thing I'm a member of is the Faust Roundtable #1 Group. The original group. I feel the Faust Group and the IRSA Group are very beneficial. Not that you are going to learn a lot each time, but everytime I go, I learn something. The Faust Group I find that missing with the other fellas there is very beneficial... I always pick up something. I probably give less information than anybody. I probably don't give a lot of information, because I feel it is so simple to do this, that I don't have a lot to give. You just show up on time, ready to work. And there you are. I like to do that, I like to work. The IRSA situation is probably more beneficial to a new club, but I do feel everytime I go, I get pumped up, the talks are excellent, some of the main speakers are sensational and I always come back with a good feeling and I like that.

Q. When you hire an employee, what process do you go through? Have you ever run an ad for employees?

A. No. All my fulltime people have been with me so long. I don't hire anybody. My managers do that. Most of the people come in and make applications. We don't test people, we went through that years ago did testing, but we found our gut feeling was the best. It is not that we don't screw up, but by and large, we hire good kids and we try to hire U.S.L. students. That's worked fairly well for us. We have over 100 kids working here all the time and during the summer about 150.

Q. When a person is hired, what benefits do they get in the first six months?

A. They get their pay, a membership and a 35% pro shop and snack bar discount.

Q. With new employees how do you break them in?

A. We have a little two-month probationary period. I think the greatest benefit is working with the members who are so nice coming and going here all day. They meet more people with good attitudes than any other place in this town. That's pretty nice. There are over 2,000 people per day coming to this club and there are 2,000 people per day coming with a good attitude... pretty nice. You don't find that too many places. Working at Burger King or McDonalds', you don't get those good attitudes. We are dealing with good-motivated people.

Q. You have a list of your
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fulltime employees that to characterize it as totally incredible for the health club industry might be an understatement. You have 13 people with nine or more years, including one person with 30 years and a couple of others with 25 or more years. What would you attribute this retention and loyalty to?

A. Well, I can tell you one thing. I think I treat them like they are my family. Or, better than my family. I would do ANYTHING for those people. If they ever asked me for something or ask me to come somewhere, I would go, I wouldn't ask WHY did you ask, I would just do it. If they said I need \$10,000 or \$20,000, I wouldn't ask them what for. I would GET IT and give it to them... and I wouldn't even worry if they ever paid me back, and I think I would do that for ANY of those people, AND I feel they would do the same thing for me. I MIGHT NOT do that for my kids. I might ask why you want it. If Myrna were to call me and say Red, I need \$10,000, I guarantee that by the end of the day, I would have it at her house. Even if I didn't have it, I would find it... do you understand? Cause, she wouldn't ask if she didn't need it. Now, if my kid called me and asked me, I would ask what do you need it for? You interviewed them, why do you think they are here?

Q. Because they love you?

A. That's what I'm talking about and I love them too.

Q. I know... isn't that beautiful?

A. Yeah, I think its great. Yeah.

Q. You have developed both a profit sharing plan and what amounts to an employee credit union. Could you share how that was done?

A. The plan was probably started for a selfish reason. It was so I could put money away for myself and its an official plan... whatever, but it has worked out to be quite a thing. Several of my workers have used it to buy boats to buy cars, so in a roundabout way, we're running it like our own little bank... and all of the interest is shared by all of us. For some of my top people, this could be there retirement, and in my case, it could be my retirement, too, if I ever decided I wanted to retire. It allows us to put money away without paying taxes and save it until we are old and don't have income.

Hopefully, I can work until I'm a 100. You know.

Q. That leads to the next question. This is your plan is it not?

A. I would like to never retire and never draw social security in my lifetime.

Q. 1993 was a good year for Red's wasn't it?

A. It was our best year. Its the first year we got up to our numbers that we were hitting before the big crash (see February Club Insider). We haven't had bad years. Things have been good for us. It is the most members we have ever had. This past December, we were 300 memberships above the last December before that.

Q. You count memberships accounts don't you?

A. Yes, last December, we had about 5800 accounts.

Q. From a point of view of your family members working in the club. I know your beautiful wife Emma works in the club.

A. Connie used to Babysit our son, Mark, and worked with us in bookkeeping with Emma. Mark has been involved since he was young. He used to "pass the vacuum" after school. I used a lot of kids who lived in the neighborhood. All the employees started as part time people except Suzanne and Buddy. When I hired Buddy, he was one of the first in the country to have a Master's Degree.

Q. And Buddy, isn't he the won who won the lottery?

A. Yeah, he and his family won \$22,000,000.

Q. In interviewing him today, he said he would not quit this job for anything; he said he loves to come to work here!

A. Yeah, gotta have a job. He doesn't need money... probably costs him to work here. I hope I have that attitude. I could sell this place, but what would I do then?

Q. You have a very successful community outreach talk that you give. Share that with me.

A. I give this little talk on "10 Hints to Fitness" and "5 Tips I Would Give My Son If He Was Going To Take Over My Club." There is a little slide presentation. You have seen it. It has worked out pretty well for me. It makes it easy to go give a talk. I probably do it about 20 or 25 times a year. I've done it eight times this month already, so I'm ahead. (see February Club Insider)

Q. There is one thing that I don't want to forget to ask you. That is those three things that you can't buy in this world. What are they?

A. Respect, reputation and

experience. They can come and put a new competing club right next to you, but they can't take those away from you.

Q. Buddy was telling me that you don't try to get corporations to pay for all of the employees memberships, because it is better if the person is investing something. How do you feel about that?

A. If I decide I want to buy free passes for a local restaurant and give them to my employees for free, they will all probably take one, but not all of them are going to go there. The same thing with a health club. If you just give the membership away, everybody will take one, but they won't necessarily use it. I think it's better for us if they use it. The old days when you wanted people to join and not come and that was a good member, it really isn't a good member. #1, he's not bringing his friends, and on the only way you're going to prosper is by people bringing their friends. And, the only they are going to bring their friends is if #1, they are getting in shape and their friends notice it and #2 they have a good attitude about coming here and WANT to bring their friends. The BEST method is if they are getting RESULTS and their friends see it. The RESULTS will bring the friends and a person is excited about that. That's the way to get new members, I feel. Advertising and stuff, that never works for the long haul.

Q. Red, what would you say is the most unique quality about your club?

A. I really believe that if I had to pick the one thing and the comment I get from a lot of people who visit the club, is that this club has a "Feel" about it. You know, you walk in and you kind of "Feel" something. The members all have that, I think they like coming here. We have our share of misbehavior, but I think by and large, people are EXCITED about their club, they like coming here and they bring their friends here. During the Holidays, they all bring their friends here. They are excited and proud of it. You talk to members about their memories. When we did our 30th Anniversary Newsletter, we've had people coming by here who haven't been here in years who heard about it. If I had to pick one thing, I think it is the "Feel" here. A lot of people who come here tell us that. I think it is both the staff and the members because people here have GOOD ATTITUDES. I guarantee you one thing you want to go through your life with a good attitude. I went to a high school in New Orleans which pushed RMA hard.

Q. What is RMA?

A. RIGHT MENTAL ATTITUDE. They drummed it into me. If there is one thing I learned in high school, it was to have a PROPER MENTAL ATTITUDE. Attitude is important.

Q. What was the most serious decision making crisis that you had to go through?

A. 1986 was the worst. I can honestly say that was the only time that I actually thought about losing it. Normally, I felt I could do anything, but this time made me think about it a lot. I survived because I have a great group of workers who pitched in and made it work out by working longer hours and pulling together. I think we got strong because of that. We've always been on an upswing roll, we always look successful, but we don't have a lot of money and I still don't have a lot of money. The place is worth a lot, but I don't have lot of cash. I'm the type of person who probably won't ever have a lot of cash. Cash to me is to spend. If I have a lot of money, I'll put it back into the business, or buy some fancy car, or buy a new plane or a new motorcycle. But, I think that I'm here to enjoy myself, set a good example and take care of myself. I think that's part of setting a good example. I'm not sure if I lucked out finding the right job for me or I got placed here, I don't know how it all happened. I can remember Evil Knieval was being interviewed and he said there were three great mysteries of life:

(1) Where did we come from?

(2) Why are we here?

(3) Where are we going?

They are all pretty much a mystery. Nobody can tell you the answer. You know, I feel I was put here to do this. Somebody

ask me why I was put on earth, I would answer: "I was put on earth to run a health club." And, there is another mystery too, you can add to it: You can add "when are we going?" But, I really believe that I belong in the health club business. I definitely found the right job. I could be happy doing other things. I could run a service station, it would be a damned big one. But, I could do that. But, I really feel I'm suited for this job very well. I mean, I like this. It is not a stressful job for me. Every now and then I go home and I'm ready to go home, but usually, I've had a good day.

Q. You are a religious man aren't you?

A. I'm going to rephrase that, I don't know I'm a religious person. I do go to Mass. I have a hard time thinking about God or if there really is a God all day long. So, I find that if I can at least try to go to church and not daydream in church, that I could at least have some time when I think about God. I believe there is a God and religion was a part of my upbringing when I used to go to the Catholic schools. It is just something I've always done. Sometimes, I daydream and don't get much from going. Other times I get a lot out of it. I don't think I am a particularly religious person, I just think that I go to church a lot. I never try to convert anybody or anything. I look at just trying to set an example to people. At a talk I gave at a school, a kid asked me what I was most proud of, being Mr. America or having the great club. I answered that I was most proud of having been asked to the Godfather for two people and they were both ADULTS. That told me that they like the example that I set. I don't think I'm a real religious person. But, I do believe that there is a God and that I should be the best I

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NORTH AMERICAN AIR STRUCTURE OWNERS GROUP FORMED

If you own an Air Structure (bubble) and have ever become frustrated because of a lack of accessible information regarding the maintenance and design of your air structure; if you have ever been less than satisfied with the service you have received from air structure manufacturers; if you have ever wanted to tap in to a network of other air structure owners and share information and support, then the NORTH AMERICAN AIR STRUCTURE OWNERS GROUP (NAASOG) is for you!

The NAASOG is composed of owners and operators of air structures and will be formally founded once 20 operators have joined with an annual contribution of \$250 to support the administrative staff necessary to operate the organization. To date, 15 owners have made commitments and 5 more are needed to make it happen. The group will develop resource materials, hold conferences, share information and offer mutual support for air structure users.

To obtain more information and/or to join NAASOG, write to:
Laury Hammel
NAASAG
524 Boston Post Rd.
Wayland, MA. 01778

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can be. But, that doesn't mean I don't have unpure thoughts.

Q. You had a real interesting experience with your work with Dr. Michael Berard, (see February *Club Insider* for Dr. Berard interview) could you share that with us?

A. There was a time when we were growing like crazy. It was during the racquetball boom days. We were adding on. If I could borrow money, I'd borrow it. If somebody would lend me \$5 million, I'd take it. But, I had tremendous confidence that I could pay it back and I thought, like everybody else, that racquetball was a game to get into. And, it was at that time. I have no regrets... it made me grow, we were just adding on like crazy, adding not just racquetball, but tennis and swimming and so on. We just kept adding more and more. It got to the point where I came to realize that I couldn't operate this facility; I was basically trying to do everything... I was still writing out workout programs... I knew all of the members. I enjoyed that part... but, I could not keep doing it all. I used Michael Berard primarily to help develop a little management team... probably more in a selfish fashion

TO HELP ME more than anybody else, so I could turn loose. And, be willing to let these people take some control and I think I definitely picked the right people, they are all still here, not that we've all worked perfectly together, not that they are perfect people; nor am I. But, I think we all did a good job and I think that we all learned a lot from Mike Berard. We worked with him almost on a weekly basis for about two years. Which was really tough for me because I can't stand to sit in a meeting. But, we'd sit at meetings sometimes for 3 or 4 hours and we'd laugh and cry and do everything. I think we got to know each other better... I'm not saying we like each other better. I love 'em all... but, I don't like 'em all. Myrna, my favorite, I mean Myrna can't do much wrong in my eyes. Buddy, can do some wrong. I have a hard time with some of them... some of them are detailed and I'm not, they don't understand that thoroughly, they don't talk to me in short detailed little reports. I'm very detailed here today for you, but this is not me, I'm just sitting here because I know you want this information. But, normally I would give you short answers and I wouldn't even be sitting here this long. I've just nailed myself to this chair. Mike Berard probably did more for me in that group than anybody could have ever done. But,

it was a lot of work. We're talking about two years with him, a clinical psychologist... I think we definitely picked the right person. We didn't always jive with him, he knew the area, he knew us and I think we learned a lot about each other. But, it didn't make us like each other more. It was just a thing to get us on track and I definitely think I picked the right ones.

Q. After you got your team in place, do you feel able to let go like you had hoped?

A. To some extent. You know that's hard for me. Anytime you are an 100% owner, I mean this is my thing, I still look at #1, its MY TOTAL ASS IF THIS THING GOES OUT... IN THEIR CASE, IT'S THERE JOB, IN MY CASE ITS ME, TOTALLY. So, I mean there's times when I put my foot down. In most cases, I do listen to what they might think. Sometimes, they knock me down sometimes... they are basically right. I feel I've been right most of the times... I've screwed up. Contrary to what they might think, I might bring up something and we move fast, that doesn't mean that I haven't thought about it for awhile... but, then I kind of move fast. But, I've studied it... I analyze it in my own fashion and then we do it.

Q. What was the biggest mistake that you can remember ever making in the business?

A. If I had to look at the biggest dinosaur I have, it would be the indoor tennis and if I had guts, I probably wouldn't have this big indoor gym. I probably would have converted those courts to the gymnasium. But, it would have been difficult to take out. I don't care what it is, to take it away from the members is really difficult. But, that's probably the biggest single item. I can't call racquetball a mistake because it made us grow. I can tell you about mistakes that I didn't make. I had a lot of opportunity to expand and build more clubs around the state when things were really rolling. I could have had four or five sites. But, do you know where Red would be right now? Out of business. Because, when things got tough, they got tough in all of those cities at the same time. Boy, we could concentrate right here and saved our ass, but I don't know if I could have done that in five places, you understand? I'm just not the type of person to do that because I like the hands on work. That was the biggest mistake I didn't make, I'm not saying it is a mistake for others, I just don't want to miss my workouts, my planes, etc. I'm not going to miss my workouts to make

money... if you had to describe me with one word... that word would be that I'm a bodybuilder. That's the best word I could use... no doubt in my mind, I'm not a businessman, I'm not an entrepreneur, I'm a BODYBUILDER... and a BODYBUILDER by Arthur Jones' description is: "A little boy in the body of a gorilla!" That's probably like him, isn't it?

Q. Red, what do you think about the hospital competition you are seeing in Lafayette, New Orleans and other cities?

A. I tell you what... I feel that the hospitals are the #1 competitor for the health clubs for one big simple reason they've got the thing that most of us don't have... money. I think that they are going to be the competition of the future. I don't think it takes a rocket scientist to figure that out.

Q. Ever have a plane crash Red?

A. They weren't really plane crashes, they were accidents, minor accidents. I've torn up a few airplanes. In fact, I always use them when I give my little talk, I tell people I normally get my share of free publicity. If I'm not getting my share of free publicity, I usually go out and buy a fancy car or if that doesn't work, I go out and wreck an airplane! I've certainly had my share of accidents, I think I'm about due for a no accident stand for a while! Most of my accidents have been stupid mistakes probably made by me. The last little accident I had, I was rolling down the runway, just basically taxiing and I saw a guy with some flags motioning me to the left, he just basically startled me, in the little plane I fly I can see directly out the front, so I started playing with the brakes and the next thing I know, the brakes lock and I end up on my back, using some dirty four letter words! And, before that, my first flight on a plane, the landing gear fitting broke... the internal corrosion that I didn't see, didn't inspect very well. I broke a few ribs, a couple hundred stitches in my face... I missed two workouts. I was back here Monday walking with a cane... I didn't use hardly any weight, but I didn't miss my workouts because my workouts are the most important part of my life.

Q. I think I know the answer to this question. If there anything else in the world that you would rather be doing with you life?

A. I don't think so, I think I was actually put here to do that. I must say if luck has anything to do with my situation, I think the luck is that I've found something that I really like to do. By and large, I

am extremely happy with what I do. I really like working here.

Q. How did you get started rising at 3:45 a.m.?

A. Well, actually, I've always been an early riser. In fact, when I talk to the girls in the pro shop I tell them, girls used to like to go out with me because they could have two dates in one night! I bring them home so early that they could have a second date! I've always been like that, going to bed real early and waking up early, I kind of like that... I like the mornings... after you get a workout, you get this great feeling, so why get it at night or late in the afternoon. I enjoy it in the morning, where it can last all day! Then, I know I'm going to workout... I don't have to worry about is this going to interrupt my workout or is that going to interrupt my workout... because at 4:30 in the morning, the only thing that will interrupt your workout is sleep. So, to me it is a great time to exercise, it makes me get up and it starts my day and I just like it then. I don't think it has any added benefits to training in the morning, it is just that I am a morning person. I'm gonna do it, so I want to get it done soon!

Q. We were having lunch and a man walked up to talk to you who was from Shreveport, LA. He made some complimentary remarks to you and then he said: "Red, you're a LEGEND do you know that?" Red, what do you think about being a legend?

A. I don't if I'm a legend, I think the main reason people are shocked at my success is #1, the town is so small. I guess I have been here so long, 31 years is along time in this business. This is normally a very short lived business. I mean, I guess you could figure out how long a person usually works in a health club, it is usually less than a year. I guess I've been lucky enough to have people who have worked with me for a long time and I think all of that adds up to the little thing of me being a legend. And, I think we have been highly successful financially, no question about it... we probably have one of the highest grossing clubs as almost anybody in the country, I'm sure there are a few with big restaurants and bars, where they can charge high... high fees, who top us. But, I think the average guy with a small club looks at us as maybe like him only doing better. They might not look at the East Bank Club in Chicago as something they can strive for, you know, where I might be something that they can strive for. I might look like the average guy with the average club who has

grown to become above average, whereas they might look at the East Bank Club and say, I can't ever have that. Maybe, I feel that's where the word "legend" might come in. I get that thrown at me quite a bit. But, I don't think that I've done anything super human... I just think I picked an excellent town, I hired excellent people and I think we really jive together well... I think we have a little "knack" for running the business; I think we developed that of course; we like it, we like working here, and all of that has made us somewhat successful. But, I don't think it's any special thing, any reason to be a legend, of course, we are still here... that's a reason to be a legend, or course, we are still here... that's a reason too, the length of time is probably the reason. But, you've got Foxy in Baton Rouge whose been in business almost 30 you know, for some reason, he never expanded a lot there, I don't know why, but he is an excellent operator.

Q. Over a years time, how many club operating people come into see your club?

A. Maybe 20 per year. A lot of local area people come by from around the state. You can't dream of this in some towns... this is not even practical for a town like Lafayette, Louisiana. It's only here because of the time period, you know, this could not exist, I mean, if you build this place today in Lafayette, Louisiana you would bust your ass... no question about it. I mean, they bust their ass in California with the big clubs, where they have population. This could not exist, this thing REALLY should not exist, it's only because of that one attitude of mine of doing something every month and that slow growth has allowed the facility to exist... and the timing is right... right now, the timing is not right... someone would have to come in and build a facility to compete with this one and it would be hard to make it, #1. You'd have to have started with a lot of members the first day. If you had to build up like we did, it would be tough... I started when this was nothing, physical fitness was nothing... a bunch of kooks working out and gradually, the fitness boom started, we grew with it and racquetball played a big role there. We should all thank racquetball... most of us would not be here if it weren't for racquetball.

Q. The first location was 4,000 square feet right? What's the size now?

A. About 120,000 square feet indoor, plus the outdoor four-pool complex, 16 outdoor tennis courts with the jogging track, so we have more outdoor facility than indoor. Six hundred parking spaces.

Q. Where do you see the fu-

(See *Lerille Final* page 15)

Lerille Final

continued from page 14

ture of the club business?

A. No question about it, the weight training and cardio vascular areas will be it... I question some things, like personal training. I think the future is basically in the fitness component the weights and cardio machines. And, that's always been the biggest thing for us... but the weights have always been our biggest thing and it's getting bigger, it's, probably where we will put our bucks. I'll continued to upgrade this place and I want to keep this place impressive.

Q. You were kind enough to give us in the Faust Group the book **"THINK AND GROW RICH"** by Napoleon Hill. Have you used the principals in that book to reach your dream?

A. I have used some of them, such as persistence... you never give up and I've used that principal on my goal setting. The book I read when I was about 20 years old and I've read it many times. To me it's the greatest book because it made me think of success and not necessarily in a monetary way... if it was just money, I'd have more money, cause I don't have a lot of money... I don't look at success as money. I feel I'm a very successful person, mainly because I do the things I want to do, I have a nice family, I have a great job... the best job in the whole world, I have a hobby that is a passion in my antique airplanes. My job is a passion for me. I think that I look at my life as successful because of all of those things... I think the book **Think and Grow Rich** helped me in those ways, but I actually do not practice all of those principals, like developing a mastermind group and things of that nature (he uses some very unusual terminology in that book that's not modern terminology). You know a mastermind group could be something like my managers. But, I do talk to people and try to get advice from them... And, I might pass something on and see how it strikes them... so,

I guess I use a lot of principles in the book... the book, it is the first thing that ever put me on a successful path in some shape and form. I would recommend that book to everybody... I think it's a great book. Its not exciting, its more like a textbook... the man did more research on that book than anybody... if I had to pick one thing out of that book, it would be persistence. Winston Churchill who gave a speech to his Junior High School class when everybody was waiting for this great speech and he said: NEVER, NEVER, NEVER, NEVER, NEVER GIVE UP! And, that was it. That about says it, doesn't it? I think that is what those people all had in common... they never gave up. They kept trying over and over again... I think that's the most important thing. You will get shot down A LOT, most of us do, but get up and do it again... get back up on your horse until he throws you off again. That's about it.

(Author's Note: I want to sincerely thank Red and Emma Lerille, their children Mark, Kackie, Tine' and Stanley, the Staff members at Red's and the members, especially, Dr. Michael Bernard, The CHIEF, John Hyde and Ms. Patin, at Red's for sharing their feelings, thoughts and remembrances. The **CLUB INSIDER** club case studies are intended to be educational tools for club operators everywhere. The breadth and depth of this report is intended to truly give you the **INSIDER STORY** about Red Lerille's Health and Racquet Club while at the same time providing inspiration, enlightenment and a guide for those who wish to emulate Red's success. I think that the club industry should embrace and thank RED for his open, candid sharing and willingness to help others. My dream is to produce truly **LANDMARK JOURNALISM** for the **CLUB INDUSTRY** worldwide. I hope we are accomplishing that dream and I would appreciate your feedback and any unanswered questions that you might have. I will be happy to do a brief follow up report on any area of interest to my readers. Thanks for subscribing to The **CLUB INSIDER** News!)

...Treadmills

continued from cover

Lowly Rated Manufacturers:

Precor
Universal
Marquette

Middle Rated Manufacturers:

Trotter
Trackmaster

Each of the treadmill companies had its own profile, with its strengths and weaknesses. They are all described with their salient points.

1) LifeFitness
Strengths: Has durable paint, easy to use, safe to use, user-friendly, desired by members, solid financial company.

Weaknesses: Fair price, can be upgraded, long-term appeal.

2) Quinton
Strengths: Easy to use, safe to use, user-friendly, desired by members, solid financial company.

Weaknesses: Space efficient.

3) Unisen (Star Trac)

Strengths: Safe to use, desired by members, solid financial company, long-term appeal, durable paint, built for long haul.

Weaknesses: Space efficient, minimal friction, fair price, can be upgraded.

4) Precor
Strengths: Solid financial company.

Weaknesses: Requires limited regular outside service, built for long haul, quiet adequate product warranty, can be upgraded, has comprehensive instructional manual, minimal friction, fair price.

5) Universal
Strengths: Easy to use, fluid & precise, durable paint, adequate product warranty.

Weaknesses: Space efficient, has comprehensive instructional manual, safe to use, quiet, minimal friction, desired by members, fair price, can be upgraded.

6) Marquette
Strengths: Built for long haul, safe to use, has comprehensive instructional manual, aesthetically pleasing, causes no injuries, fluid & precise, long-term appeal, solid financial company, durable paint.

Weaknesses: User-friendly, space efficient, minimal friction, can be upgraded.

7) Trotter
Strengths: Has manufacturer responsible for installation, long-term appeal.

Weaknesses: Quiet, minimal friction, built for long haul, requires limited regular service, durable paint, can be upgraded, adequate product warranty.

8) Trackmaster
Strengths: Built for the long haul, solid financial company, can be upgraded, long-term appeal.

Weaknesses: User-friendly, has comprehensive instructional manual, minimal friction, quiet, fluid & precise, space efficient, easy to use, aesthetically pleasing.

All club operators should consider the findings of this survey to ask more questions about the criteria of manufacturers, especially those showing up in the "weaknesses" column. All should be mindful of what the respondents are pointing out to aging treadmills. The above should be used as a guideline in future purchasing decisions.

Look for future equipment surveys next quarter.

...Capitation

continued from page 5

tiation and dues fees and only fifty employees choose to join. Typically, the people who join are motivated individuals who already exercise. From the company's perspective, these are the least worrisome employees relative to health care as they probably are already healthy. The company's concern is with the other 450 employees who choose not to join the club. Hypothetically, if initiation was reduced to \$50 per employee and monthly dues were reduced to \$30 per month, under the traditional sales system total club revenue for the first year would be \$2,500 initiation plus \$18,000 dues totaling \$20,500.

In a comprehensive capitated model there is no initiation fee, only a monthly fee per employee. In a company of 500 employees, if the capitated fee was \$10 per employee per month, the total annual revenue would be \$60,000 and all employees, not only the motivated ones, would get health and fitness benefits. There is no question that a capitated model is more attractive to the corporation if they care about health care costs and the quality of life of their employees. And let's not forget the insurance compa-

nies. They already use a capitated model. There is an opportunity for clubs to align with them using our capitated model for preventive services.

The capitation of preventive health and fitness services expands the role of the club beyond the walls of clubs. Club membership/use becomes just one of many preventive health services offered. The club relationship with corporations or purchasing groups would be contractual providing guaran-

teed monthly income to the club. Because of shifts in the health care system, clubs have an opportunity. They way we do business is changing, possibly faster than we are comfortable with, but you have to agree it is changing. Focusing on capitation of health and fitness services rather than specific membership sales in a shift. The marketplace will require us to keep up.

(Neil Sol is President of Health Vantage, Inc., a Houston, Texas-based club consulting firm.)

• RECOMMENDED READING •

THINK AND GROW RICH by Napoleon Hill - **THINK AND GROW RICH** is a book written by Napoleon Hill after 20 years of research on Andrew Carnegie, one of America's greatest industrialists. The book gives an indepth look at the habits and principals of business used by Carnegie during his incredible career.

MAKE
IT
FUN!

...More IRSA

continued from page 3

and by causing some people not to vote at all, thinking it was over. And, probably the worst part of this story is how the opposition letters and comments were withheld from other IRSA members by the IRSA leadership.

Did The IRSA Board Deliberately Withhold Infor- mation From IRSA Members?

For those who voted YES, I believe that it is safe to say that some people voted for the proposal because they had heard no opposition to the measure, not because they like the proposed new name, EXERCERE. The reason they heard no opposition was that during the entire course of this three month name change campaign, nothing was published and sent by the IRSA Board to the IRSA membership about the feelings of those who opposed the name change to EXERCERE. (There were 11,725 pieces of mail sent to IRSA members promoting the name without ONE WORD about the opposition of the name.) In regard to this HOLDING BACK of information to the IRSA members about the "full story," I expect the IRSA Board to respond that they were just following the process discussed with the Advisory Council last March in San Diego. But, the true spirit of that process was voided and abandoned early on, when the IRSA Leadership used this SPIRIT OF EXCLUSION to hold back letters, memos and faxes from the members who opposed the name change. And, there were a lot of them.

Previous IRSA Board Voted For Full Disclosure

In the Fall of 1992, the IRSA Board voted to change the name by dropping IRSA and adopting The Association of Quality Clubs as the new name. During that period, this action was opposed by many IRSA members with Cecil Spearman, the IRSA President from the previous year, leading the opposition. Bruce Buckbee and his Board of Directors voted then, that if and when the name change matter got to the point of a campaign for and against the measure, the opposition's literature would be sent to the IRSA members at IRSA's expense, as well as material for those in favor of the name change. The effort to drop IRSA and adopt The Association of Quality Clubs was subse-

quently dropped, so there was no opportunity or need at that time to send materials to the members. However, when the new name proposal came up in the Fall of 1993, the Board pushed the campaign for the name change in an extremely aggressive manner.

January CLUB INSIDER News First And Only Pre-Vote Opposition Information

The January CLUB INSIDER News was sent to all IRSA members in the U. S. on January 14, 1994. I decided to do so at my own expense even though The CLUB INSIDER is a subscription publication and I had mailed out free introductory copies the month before. I felt strongly that the IRSA membership deserved to know that there WAS significant opposition to this new name and that this information should not be kept secret from the IRSA membership. In that edition, the first and only name change opposition to the name EXERCERE. I had sent the CLUB INSIDER via U. S. Bulk Mail and I have been told by many IRSA members that they did not receive the CLUB INSIDER January edition until after the February 9, 1994 vote deadline had passed. This means that many of the IRSA members voted WITHOUT EVER hearing or realizing that there was ANY member opposition to the name change to EXERCERE! Although mailing labels were available through IRSA, no one requested and used the labels to mail opposition materials at their own expense. And, no one actually directed letters and faxes to the CBI Magazine, probably because CBI does not have a "Letter To The Editor" Page. The letters and faxes were sent to John McCarthy and the IRSA Board and often copied to The CLUB INSIDER News.

The Facts

The fact is, the name change effort at IRSA was instigated without conducting a vote of all members to see if they wanted to change the name or not. And, there was NO communication by the IRSA Leadership to the members about BOTH SIDES OF THE NAME CHANGE ISSUE. For whatever reason, only those who were PRO EXERCERE were allowed to be heard through the IRSA paid for mailings. Last, the name change vote could have been further influenced by CLUB INDUSTRY Magazine's announcement in January that the name was already changed to EXERCERE.

So, when the IRSA Board members talk to you about "the

process" they went through to select this name, don't forget that they kept the opposition's letters, memos and faxes from the rest of the membership. It would seem that these facts should weigh very heavily when the IRSA Board of Directors decides whether the 60-40% vote is an indication of how the IRSA membership truly feels. It would seem that this Board would realize that these unusual circumstances should INVALIDATE this vote because of what has taken place.

Unity At Risk

The decision to change the name of IRSA is a very important one. However, it is not nearly as important as the UNITY of IRSA's membership. The UNITY heretofore enjoyed by this Association, is at risk. As in your club name, the name of the Association is intended to be the first signal to the world about who you are and what you are all about. Clearly, those who have opposed EXERCERE, feel that the new name fails to properly tell people who we are and what we are about. EXERCERE is not easily pronounced, spelled or understood without explanation. To move forward on this name change with the membership significantly divided is risky, at best.

Board Should Drop EXERCERE - Begin To Restore IRSA Unity

We hope that the IRSA Board of Directors can be convinced to drop this name EXERCERE and to invest in ONE MORE MAILING. That mailing ought to be a letter explaining that the name EXERCERE has been dropped and should have enclosed, a new ballot which asks: "Vote Yes or No - Do you feel that the name IRSA should be changed?" If the majority of the members who vote favor a name change, then we should ask the IRSA members to help select a new name for their association. From their suggestions the new name should be chosen.

EXERCERE, in the opinion of many IRSA members, is simply not good enough. It is not the best name we can come up with. If we install EXERCERE as the new name, we could end up changing the name again! If EXERCERE is rejected now, in the future, all of the members could be included in any decision to change the name or not and they could be included in the

next name selection effort if there is one. The IRSA UNITY can be restored.

"It's The Vision Thing"

The IRSA members who disagree with IRSA's current direction, vision and mission all seem to feel the same about the proposed new name. They oppose it. If the Association is not unified on the new direction, vision and mission, it's unlikely there will be unity on ANY new name. This name change matter now seems to boil down to a need for the IRSA members to become clear on where the leadership is trying to go. They should be allowed to express their feelings about whether they agree or not, thus allowing their INCLUSION in their Association's future. This can all begin at the IRSA RENO OPEN FORUM. Maybe there, we can begin a reunification process within IRSA.

IRSA Member Open Forum Set For Reno Convention, Friday, March 25th, 8:30 P.M.

In the February edition of the CLUB INSIDER News, we called for a meeting of all IRSA members at the March convention in Reno. I'm pleased to report that we've been informed by IRSA Executive Director, John McCarthy, that a special OPEN FORUM MEETING for all IRSA members will be held at the Reno IRSA convention at 8:30 P.M. on Friday evening, March 25, 1994.

The Open Forum will give all IRSA members the opportunity to express their feelings and ask

questions about this "SPIRIT OF EXCLUSION" in the name change and other IRSA matters. It will also provide the Board of Directors of IRSA with the opportunity to hear member comments and feelings about the focus, mission and direction of the association. Please plan to attend this OPEN FORUM!

Great People Who Care

The BEAUTY of all of this, is that we have such an excellent group of people who really care about what happens with their Association. The current President Larry Krieger, his Board of Directors and the IRSA Staff, have been trying to do what is best for ALL OF THE MEMBERS OF THE ASSOCIATION. They have made some choices in this matter that many disagree with and that need explaining to the membership. It stands to reason that they should LISTEN CAREFULLY TO THE MEMBERS AND consider ALL OF THE CIRCUMSTANCES before finally making this name change decision. We should insist on closure on this name change deal. We should not leave Reno with the Board telling us "we will let you know what we decide later."

The IRSA members are a serious and intelligent group who deserve to be included fully in major matters of their association. We hope that the Board will acknowledge that this process was flawed and decide to invalidate it. We think there is no risk in doing that. We believe there is a huge risk with renaming this association EXERCERE! - Norm Cates, Jr., 1st IRSA President, Atlanta, GA.

Norm Cates'

Club Insider

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