

Norm Cates'

Club Insider[®]

NEWS

The Pulse of the Health, Racquet & Sports Club Business

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AMAZING CLUB TURNAROUND!

By Norm Cates, Jr.

The Naples Fitness Center was a 14-year-old racquetball and fitness facility which generated gross sales in 1993 of approximately \$260,000. In 1994, the club generated \$718,000 in revenues, an amazing increase of 276% in one year! For 1995, the club is projecting sales of \$900,000+. For this 19,000 square-foot facility, this represents an increase in per square revenue from \$13.68/sq.ft. to \$37.19/sq.ft.

How did this happen? The answer: "RAY BOB" and the

Sales Makers!

Ray Gordon (his many friends in the club industry call him "Ray Bob") is the Founder and President of Sales Makers, Inc., one of the club industry's most prolific club membership marketing and sales organizations. Ray Gordon employed the Sales Makers System, his vast membership sales and club operational experience, a lot of hard work by himself and his lovely wife, Sandi, and the cooperation of the club's two owners to make this dramatic club turnaround!

Sales Makers is based in Fort Myers, Florida, just a short drive from the Naples Fitness Center. For years, Ray had given consideration to the idea of taking on management contracts of clubs as

part of the Sales Makers' scope of business. He had his eye on the Naples Fitness Center for some time and the proximity to his home base made the opportunity too good to pass up. Sales Makers entered into a five-year management agreement with the owners of the club. The agreement has both a bonus opportunity for Sales Makers and a performance clause where the owners can terminate the contract if the club's performance drops below a certain level. Needless to say, the owners are getting much more than their money's worth.

THE STEPS TO A TURNAROUND

Ray knew that one pri-

mary reason the club was not performing up to par was that it was worn and out-dated. The interior remained as it was when originally built and was dark and without much energy. The club also lacked the up-to-date equipment necessary to attract new

members in significant numbers. Ray convinced the owners that in order to make the club profitable, they would need to invest additional capital, which they did. He believed in and he sold the owners on the idea, that he would be able (See Turnaround page 14)

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- A Tribute To Dale Dibble

Be Our Guest...



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Naples Fitness Center Promotions Card

THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

Club Industry Employee Turnover

The mystery of CLUB EMPLOYEE TURNOVER continues to plague the club industry. The lack of stability of employees in some organizations is a serious problem which ultimately can lead

companies into serious trouble. On the other hand, long-term employee retention such as that seen at Red Lerille's Health and Racquet Club in Lafayette, Louisiana can produce great results for the club owner, the employees and

the membership.

When examining the turnover problem in the industry, a quick view at the history of the business is in order. Over the years, some organizations in the United States have been and still

use "new employees" as a source of new membership business. Here is how it works. Typically, this activity happens with large chains who employ a large number of sales people. The drill is this. These companies will conduct "new sales training" classes usually every month. These classes will be large, often involving 20-30 and even 40 or more "new sales consultants." Unfortunately, in addition to teaching these new people how to sell their memberships, they will also encourage and, in some cases, even require, the new sales consultant to enroll his/her family, friends, neighbors, church friends, co-workers and the list goes on. This concept is taught under the guise of "buddy referral" programs. But, what is also part of these systems which may or may not be disclosed is the organization's "quota-system" in

which the employee must meet certain membership levels or else be terminated from employment with the club chain. So, the well intended naive new "sales consultant" finishes training and immediately begins to sign up every person he/she knows in the community that will be willing to join. Naturally, this brings to the club an initial flurry of new members, and typically, these clubs will "lock-in" these new

members with legally binding, long-term membership contracts which cannot be cancelled after the prescribed "cooling-off" period required by the state's respective laws. So, after the initial first charge of new business, the new consultant often runs into a distinct dip in sales and consequentially is terminated by the club organization. This can often take only one or two months.

So, what happens to the many new members who joined because their friend or relative asked them to? Hopefully, the new member recruited by the new employee will have gotten successfully into a regular program of exercise and sport. But, all too often, the new member will be paying his/her membership dues and will not be using the club as hoped. When the family member or friend is terminated, the focus and interest level in the club is further reduced. Here lies the rub. The new member will have to continue to pay. The club organization will invariably receive the money and will not have to provide the service. The new employee must then live the rest of his/her life with the burden of having "roped" his/her relative, friend or neighbor into joining.

Do we wonder why the club industry has a high-turnover rate? Is the attitude that people are to be used up and are expendable? Does the industry have a conscience when it comes to matters like this? Can the industry move toward developing relationships which reward employees for their efforts, for their dedication and for their loyalty? Some club operators understand the answer to these questions.... and others don't. But, as we move this infant called the health club industry toward the Year 2000, we all need to ask these questions and we all need to work together to find the answer to one of the most important issues in the club industry: employee turnover.



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March 20, 1995

Mr. Augie Nieto
10601 West Belmont
Franklin Park, IL 60131

Dear Mr. Nieto,

On behalf of the Court, I would like to take this opportunity to write you and let you know how appreciative both the jurors and the Court are of your gift of the exercise equipment. As you can well imagine, there are safety issues at stake that hinder the jurors from being able to exercise outside. It helps tremendously that your company has given the jurors this equipment. Being under the stress of sequestration, the jurors really need the outlet of physical exercise, and they also need to keep up their physical health. Please accept the deepest thanks from both myself and the jurors for your generous gift. The exercise equipment is already being put to good use.

Sincerely,

Lance A. Ito

LAI/mlc

•NORM'S NOTES•

TOM VITACCO, the man in charge of developing the Bally Health Clubs franchise program tells me that he is about two weeks from the start-up of sales of the franchises. He explained that

the extensive legal documents required for franchise sales are almost complete. Vitacco will kick off the franchise sales initially by contacting the hundreds of people who have already contacted him about franchising. Also, again, I

asked Vitacco on the status of the "SPIN OFF" of the Bally Clubs and he indicated that he was not aware of the status of that situation. Suffice it to say with a pre-sale of a club in Coral Springs, Florida, plus serious lease negotiations for several new locations in the Denver, Colorado, the "Spin-Off" plan does not appear to be as imminent as Bally would say. Stay tuned for more information.

IHRSA San Francisco Top 20 Speakers

Here are the Top 20 Speakers at the San Francisco IHRSA Convention in March as rated by those who attended the sessions. If you would like to purchase the tapes from these and other training sessions, contact: INFOMEDIX at (714) 530-3454.

#1 - SANDY COFFMAN - The Senior Market - Programming That Works!

#2 - ANN LOUISE GITTLEMAN - The Mythology of High-Carbohydrate Diet

#3 - LES BROWN - Live Your Dreams - Today!

#4 - KEN ALAN - Fun Fitness After Fifty: Choreography For Older Adult Members

#5 - J. J. LAUDERBAUGH - Winning With Teamwork

#6 - DEBRA SIENA - Time Management: Don't Just Work Hard, Work Smart

#7 - BRENDA ABDILLA - Program Your Brain For Success

#8 - KEN ALAN - Programming Ideas To Help You Grow Your 50+ Membership

#9 - NEIL SOL - Health Clubs: Community Preventive Health Resource Centers

#10 - PATRICIA

KIRK - Stress Management For The Fitness Professional

#11-DR. JAMES RIPPE - Scientific and Medical Breakthroughs In 1994-95: How to Make These New Understandings Work for You

#12 - TONY deLEEDE - Proven Small Club Promotions For Pumping Up The Sales Market

#13- RICHARD GERSON - Improving Your Club's Profitability Through Total Quality Management (Part I & II)

#14- CHARLES GARFIELD - Second to None: Superior Quality & Performance In the 90's

#15- HARVEY MacKAY - Outsell, Outmanage, Outmotivate and Outnegotiate Your Competition

#16- JAMES ROUFS - The Mythology Of The High-Carbohydrate Diet

#17- ROBIN HALVERSON - Wellness With Measurable Returns

#18- MICHAEL A. HOFFMAN - How To Find The Hidden News Stories In Your Club

#19- MURRAY BANKS - Helping The Unfit Get Fit

#20- SANDY COFFMAN - Women On Weights and More - Programming That Works!

CONGRATULATIONS TO THE NEW ENGLAND RACQUET SPORTS ASSOCIATION (NERSA) for their recent decision to change the name of the Association to NEW ENGLAND HEALTH, RACQUET AND SPORTSCLUB ASSOCIATION (NEHRS). The NEHRS Newsletter describes this move as: "a step in the right direction to better reflect our affiliation with IHRSA and to better reflect, similar to IHRSA's goal, who we are and who we serve.

ROYLE BERRY formerly headed up SPORTSLIFE Club Management Systems in Atlanta. Berry tells me he has left Sportslife and has set up a company which specializes in Corporate Membership Sales. Look for an article entitled: "Using Capitalization in Corporate Sales" in next month's **CLUB INSIDER**. Berry can be reached at CLUB MARKETING ASSOCIATES (404) 426-7889 in Atlanta.

The IHRSA Group Purchasing Program was developed by the Association to help member clubs save money on their purchases on all kinds of goods and services using the buying power of 2300 clubs. The Program is a great way to cut costs on the necessary club goods you buy every month. Innovative ideas on how to expand the program are currently in the works. If you haven't signed on and you are an IHRSA Member, call **DONNA GARRITY** at (800) 228-4772. If you are not a member of IHRSA, I urge you to consider enrolling your club in this great Association by calling the number above.

SANDY COFFMAN, that "PROGRAMMING FOR PROFIT" gal, has once again shown why she has been able to



Norm Cates, Jr.

help countless numbers of clubs improve their bottom lines through programming. Sandy rated as the #1 speaker at the recent 14th Annual IHRSA Convention in San Francisco, California with her presentation entitled: "The Senior Market - Programming That Works!" Way to go Sandy!

NEW YORK STATE'S ASSEMBLY is considering legislation which extends the length of time a consumer can cancel his/her membership from three days to 14 days after he/she signs a contract. If this bill passes, New York will have the longest "cooling off" period of any state in the country. Some club operators oppose this measure in New York. Others don't. How do you feel about cooling off time periods for your club and your state?

Another bill proposed for New York would take a section of the IHRSA Standards and require health clubs to have a CPR certified employee on duty in the clubs at all times. If you are not requiring this for your club already, you are way, way behind!

SKYWALKER, the new walking machine developed by Sports Specific of America, has been on the market for almost a year now. I called several of the 24 Hour Nautilus Clubs in the San Francisco area to see if the

machines had been delivered to date because the clubs had been advertising exclusive rights to the machines in the Bay area. Skywalker had indicated that they had ordered 200 machines in their ads. The people were not aware of the delivery schedule. I attempted to reach **LEE GUTHRIE**, the head of marketing for Skywalker to find out about the delivery schedule for the thousands of machines sold already. I'll fill you in with more information once I connect with Lee.

THE PEOPLES NETWORK is a new satellite transmitted t.v. network which specializes in teaching people all the essentials of personal achievement. This is a very interesting program which could possibly be a great tool for club operators. More later.

RAY WILSON..... A CLUB LEGEND IN HIS OWN TIME - Part I of a Case Study of the Family Fitness Centers appeared in last month's **CLUB INSIDER**. Part II was to have appeared in this issue, but it is delayed until the June issue for more research. Stay tuned.

Don't miss **JOHN RUDE** & Associates' Mind-Body-Spirit: Tapping the potential of the 50+ market - July 30th, 31st & August 1st. Call (800) 929-2719 to register.

MICROFIT'S HEALTH CARE CONNECTION

A Club Success Story: Capitalizing On The Opportunity

By Neil Sol, Ph.D.

This month's HEALTH CARE CONNECTION column is dedicated to a discussion of one club's success in its affiliation with health care. In recent months many club owners and management have seen the vision of the future and the opportunity for clubs and health care to collaborate in delivering services to the public. The delivery of these services support the quest for health sought by the public and are profitable to the club and the health care institution.

This article is about a New England club, Orchard Hills Athletic Club, in Lancaster, Ma., a subsidiary of the American Club Management Corporation ("ACMC"). Orchard Hills has experienced an outstanding success that can serve as evidence and model to all other clubs.

The mutually beneficial connection/relationship is between Orchard Hills Athletic Club of Lancaster, Ma. and Tufts Associated Health Plan, a prominent HMO in the Massachusetts, New England area.

The Orchard Hills involvement with Tufts was developed and implemented by ACMC's President and Majority Shareholder, Mr. Tim Richards, and by several members of his staff. Tim is a pioneer in the club industry. Tim received the IHRSA Industry Service Award for creating the IHRSA Industry Data Survey and overseeing its execution for a decade. Tim was also one of the founders of IHRSA and served on its initial Board of Directors. A student of our business, Tim carefully observes opportunity and has not been afraid to take chances, as evidenced by his team's effort with Tufts Health. Tim has assembled and encouraged a visionary staff who have been the driving force with the Tufts relationship: specifically, Cindy Curley, Regional GM, Scott Valcourt, Controller and Brenda Milner, Membership Director. ACMC is typical of the club company that seems to control its destiny by continuously positioning it-

self to succeed by taking advantage of the opportunities available with the rapidly changing field of health care.

Initially, the ACMC team contacted several of the major HMO's servicing its Orchard Hills club market and quickly recognized that the Tufts Associated Health Plan offered the greatest potential. Over a period of several months, a wonderful working relationship beneficial to both parties was negotiated. Currently, Orchard Hills Athletic Club is one of only a handful of clubs that Tufts HP has identified as a provider of fitness services to their subscribers.

THE ORCHARD HILLS ATHLETIC CLUB/TUFTS ASSOCIATED HEALTH PLAN

Orchard Hills has a "rolling" contractual agreement (ninety day written cancellation clause - either party) with Tufts to provide membership to subscribers at a 20% discount in dues (regular dues - \$60/mo., discounted to \$48/mo). Additionally, Orchard Hills offers a \$5 copay visit charge to Tufts subscribers (limit of 4 visits per month.)

For this discounted dues relationship Tufts pays a \$.95 capitated fee for each subscriber that identifies Orchard Hills as the

club they would join if they choose to join a club to obtain preventive health services. In other words, Tufts offered their current and all new subscribers an opportunity to become involved with a club, and for their selection, Tufts will pay the selected club a fee of approximately \$1/month for each subscriber enabling that subscriber to obtain the 20% discounted dues fee.

This relationship between Orchard Hills and Tufts began 18 months ago. To date approximately 6,300 subscribers have identified Orchard Hills as their club of choice. That means Orchard Hills receives 6,300 X \$.95 per month or approximately \$6,000 per month.

Orchard Hills now has over 600 members associated with the Tufts program. Of the 600 plus members, approximately 400 are brand new and 200 were current members who opted for the reduced dues, as they were current subscribers of the Tuft's HP. The 400 new members added \$230,400 per year of new membership dues revenue to the club, whereas the loss associated with the 200 members who obtained the discount was only \$28,800 per year. This yielded a net incremental increase in club revenues (dues only) of \$201,600. Additionally, the \$5 copay/visit is currently yielding on average \$3,000 per month.

The current total monthly revenue of the Orchard Hills/Tufts relationship is \$6,000 in capitation, \$16,800 in dues (net), \$3,000 in copay visit fees, totalling \$25,800 per month or \$309,600 for the year before allowing for any resulting increases in revenue



Neil Sol, Ph. D.

from court time fees, personal training, programming, pro shop and so on.

Tufts is very happy with this relationship and continues to promote the benefits of Orchard Hills. As such, the capitated fee, membership and visits increased monthly. Tim Richards has indicated that by the time this article is printed, the Tufts subscribers memberships at Orchard Hills will be in excess of 650 members.

Tufts and Orchard Hills are beginning negotiation of their next annual contract. Being considered is an increase in the subscriber capitation fee. For this increased fee, Orchard Hills will provide wellness/preventive health services on a discounted basis to all subscribers in an effort to improve the health of all Tufts clients. Also being discussed is expanding the relationship to include subscribers to Tufts Secure Horizons, a separate health plan for seniors.

One other bit of information is that Tufts is only one of many MCO's that provide health insurance to the residents of the Orchard Hills market. The relationship that Orchard Hills has with Tufts will serve as a model for other MCO relationships to be established by Orchard Hills Athletic Club.

Tim Richards and his staff are to be congratulated on this exemplary health care con-

nexion. It has been the American Club Management Corporation team's vision that has enabled this relationship to achieve its current success. According to Tim and his staff, the club industry must move in the direction of health care. To quote Tim, "We are in a business which has a wonderful opportunity to help people have healthier and more productive lives through regular exercise and healthful lifestyles. Our industry can help people stay healthy, and it can be a win-win-win for the club, the MCO and the subscriber."

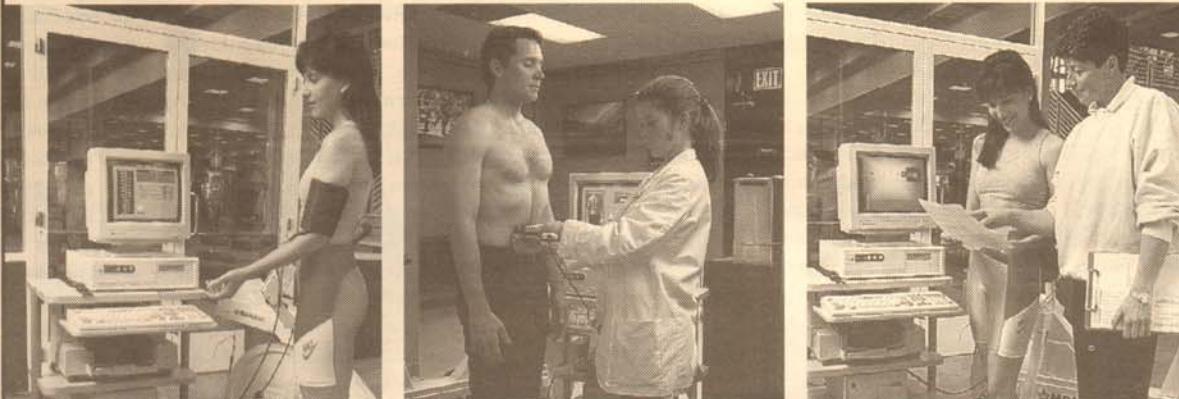
Richards adds, "Our mission as club operators is more purposeful today. As a result of our increasing affiliation with the medical and health care community, our markets are expanding as a result of more and more people in the general public who (accurately) perceive that they do not have to be in relatively good shape before joining one of our clubs. Furthermore, what's neat about this greater medical affiliation is that we don't have to divorce ourselves from our historical business of sports, athletics, recreation and a place to have fun. In fact, by making sure we retain these components, I believe we will have an advantage over any hospital-owned facilities that are now appearing in the market, and, in fact, will discourage their appearances in those markets where a good medical community club relationship has been established. My staff and I are excited about the success we have experienced with the relationship with Tufts, and we are committed to spending the time and money to continue our involvement with health care."

(Neil Sol, Ph.D., is the President of Health Vantage, Inc., a Houston, Texas based club consulting firm. Neil is one of the club industry's leading experts in the field of health care as it relates to clubs. Neil can be reached in Sugar Land, Texas at (713) 494-5550)



Tim Richards

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Healthrider Cancels Pro Club Model

By Norm Cates, Jr.

The HealthRider exercise machine has taken the country by storm and sales of the machine exceeded \$100,000,000 in 1994. The success of the home model resulted in the development of three new commercial versions of the HealthRider to be sold to health clubs worldwide. The new PRO Models had been under development for over a year and marketing of the machine was in full swing. Advertising for the HealthRider Pro appeared in the CLUB INSIDER News and numerous other club business publications, including CBI and CLUB INDUSTRY Magazine. Approximately 75 orders for

the new PRO Models representing sales of 500 units had been taken by Jim Gibbons, the former Manager of the HealthRider PRO Division.

Enter Michael Moon. Michael Moon was formerly with the Atari Corporation and had been named President of ExerHealth, Inc., the parent company of HealthRider. Moon has been preparing ExerHealth, Inc. to go public. After looking at the commercial equipment sales situation in the U.S. and after hearing input from at least one club operator in the Salt Lake City area, Moon decided to pull the plug on the HealthRider PRO Models, apparently forever. However, before he cancelled the program, HealthRider had paid NFL Foot-

ball star, Steve Young, \$1.2 million to endorse the PRO Models. Young appeared in print ads for the PRO Model along with NBA Star, Karl Malone. It is not known how much Malone had been paid to appear for HealthRider.

According to Jim Gibbons, who was fired by Moon, there is a great deal of disdain for the commercial club operators within the HealthRider organization. And, it appears that this dislike is mutual. The problem is that Covert Bailey, the author of the bestselling book "Fit or Fat", has been shown in commercials for the HealthRider telling consumers to buy the machine and forget about going to health clubs. This advertising had ignited a

movement amongst some IHRSA members to have HealthRider tossed out of IHRSA, The International Health Racquet and Sportsclub Association. John McCarthy, the Executive Director of IHRSA, did not respond to a call for information about the situation. Michael Moon also did not return calls. However, Doug Smith, the son of HealthRider owner and founder, Gary Smith, when informed of the club operator's gripe about the "club bashing ads" responded by saying to Gibbons and others, "P... on them!", referring to commercial club owners. According to Gibbons, Michael Moon and the investment bankers who are assembling the HealthRider public offering have soured the Smiths on

the club industry, convincing them that there is no future for HealthRider sales to clubs. This situation was apparently exacerbated when Michael Moon invited Gilbert Ruez, the equipment buyer for "Spa Fitness", a local Salt Lake City club group, to come in and try out the PRO Models and give him his opinion. According to Gibbons, "Gilbert Ruez came in and trashed the PRO Models bigtime."

Operators at the HealthRider 800 number, when asked about the HealthRider PRO respond by saying that the HealthRider PRO has been cancelled. It looks like the club industry is rid of the HealthRider and the ExerHealth, Inc., d/b/a/ HealthRider PRO is rid of the club industry. Maybe that is as it should be.

How To Live Longer, Look Better, Feel Great...

By Dr. Walter Bortz

While most of us are growing older, some of us are growing younger. We have only to look around us to see older runners, older athletes and older individuals, in general achieving great things and showing us how good growing old can be.

Aging is a self-fulfilling prophecy. If we dread growing old, thinking it a time of forgetfulness and physical deterioration, then it is likely to be just that. On the other hand, if we expect to be full of energy and anticipate that our lives will be rich with new adventures and insights, then that is the likely reality. We prescribe who we are and what we are to become.

Runners have always been in the forefront of the redefinition of what aging is all about. Last summer's World Veterans Championships in Eugene, Oregon, for instance, showcased thousands of older runners who have chosen to prescribe a life of continued vitality and challenge. Each June, at the grueling Western States 100-mile race, my wife and I are privileged to present the awards to the oldest finishers - runners who are usually in their late 60's.

Helen Klein, now 67, is a regular winner in the women's division.

Runners up to and including age 98 are setting age-group records at major marathons. Two nonagenarians ran the New York City marathon last year. Who will be the first centenarian to run a marathon? Paul Spangler, M.D. seems most likely.

As runners continue to push the limits of athletic accomplishment further and further along in years, we begin to question our perceptions of old age. What we are now realizing is that almost everything we have thought about growing old has been wrong.

Twenty-five years ago, I strained my right Achilles tendon in a skiing accident in Vermont. My leg was in a cast for six weeks afterward. When the cast was removed, I looked down and stared in horror at my withered, stiff, painful leg.

"My God, whose leg is that?" I cried. "It can't be my leg. That's an old leg." But it wasn't old, and it was fine. My right leg had deteriorated rapidly because it had been in a cast, and I had been unable to use it.

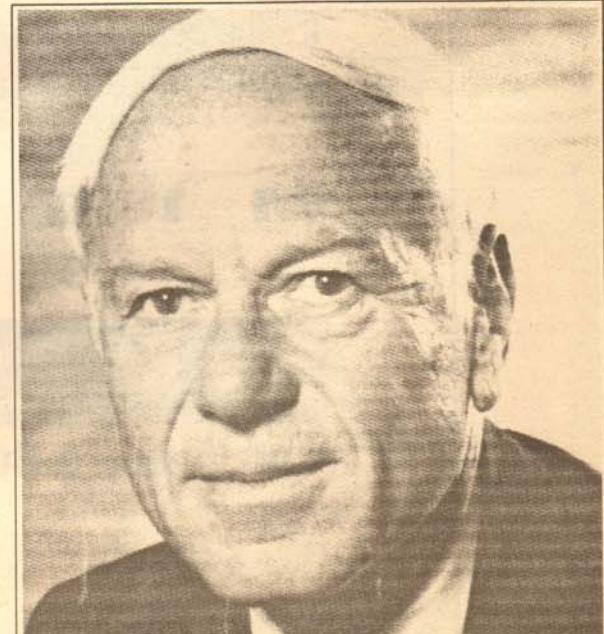
My interest in aging and disuse grew while on a six-month sabbatical at the Louis Leakey Institute of Prehistory in Nairobi. I went there to study the physical activity patterns of primitive man and woman. What we concluded was that for most of our evolutionary past (99 percent), our ancestors lived very active lives. They had little choice, given the fact that numerous dangers threatened their lives daily. As Darwin taught us, only the fittest survive. These were probably the alpha runners who were best able to hunt and avoid being hunted.

In 1984, I took all of the pieces of information I had gathered over the years and

compiled them in a review paper entitled "Disuse and Aging" for the Journal of the American Medical Association. Briefly stated, what I found is this: If you take a master sheet of paper and record on it all the changes in the human body that ascribed to aging—changes in muscles, bones, brain, cholesterol, blood pressure, sleep habits, sexual performance, psychological inventory, and so forth - and then compile a similar list of

changes due to physical inactivity, you will notice a striking similarity between the two lists. The near duplication of the lists shows that many of the bodily changes we have always ascribed to the normal aging process are in fact caused by disuse.

A host of physical conditions can be attributed to disuse. I have grouped them together in what I call the Disuse Syndrome. Syndrome is a (See Living Longer page 7)



Dr. Walter Bortz

Living Longer...

continued from page 6

medical word denoting a set of conditions that are often found together and have a common cause. The five components of the Disuse Syndrome are cardiovascular vulnerability, musculoskeletal fragility, obesity, depression, and premature aging.

Of all the functions of the human body, the most vital is our ability to extract oxygen from the air and move it through our lungs, heart and blood vessels to the tissues where it is used to fuel our metabolism. We can live substantial periods of time without food or water, but we can live only a few precious minutes without oxygen. Exercise physiologists have taught us that physical conditioning determines how well our bodies transport oxygen. Their studies have proven that fitness represents a 40-year age offset. Said another way, a fit person of 70 has the same oxygen carrying capacity as an unfit person at 30. Using various treatments and medicines, a physician can improve an individual's ability to take up and transport oxygen content by 5 to 10 percent, but that is only a fraction of what you can accomplish through exercise and increased fitness.

Exercise keeps your musculoskeletal system strong, too. Another myth of aging is that as you get older, you become more fragile. But when you look at the bones of older runners, you see minimal loss of calcium. One of the laws of anatomy, Wolff's Law, named after the German pathologist who first proclaimed it, states: "The robustness of bone is in direct proportion to the physical forces applied to that bone." No wonder senior citizens who lead a domesticated, zoo-like existence often fracture bones in accidents in their homes, while those who are out running on the roads, tracks, and trails rarely break bones.

One of the most cited changes in the bodies of older people is a decrease in the basal metabolic rate and in muscle mass. Certainly, for decades, we've seen many shriveled and unenergetic persons among the older segment of the population. We took this to be the norm, and so most of our studies of older people were of these inactive individuals. Now, studies are being done on older athletes, and scientists have found that their metabolism doesn't slow down as much, and their muscle mass doesn't decrease as much. When such deterioration does occur, it's not the result of aging but again of disuse.

Of all the parts of the body, the most important to our cultural existence is our brain. Some of the most fascinating scientific research in the country is being done on this sentinel organ. Robert Dustman, Ph.D., in Salt Lake City, and Ted Bashore, Ph.D., in Philadelphia, have both been investigating the effects

of physical exercise on older people. As older people become fit, all the predictable good things happen to the bones, muscles, arteries and so forth, but the most exciting finding is that exercise increases an older person's IQ! Dustman postulates that improved circulation produces this effect. I believe increases in adrenalin are responsible, but whatever the reason, exercise makes your brain quicker and more alert.

Largely, but not exclusively, physical exercise determines how healthy our older years will be. Steve Blair, P.E.D. from the Aerobics Institute in Dallas, recently completed a study of 13,000 persons in which he found a direct correlation between degree of physical fitness and longevity. The connection grows stronger the older we become. Physical fitness is much less a determinant of longevity in the young, whose deaths most often result from accidents, violence or malignancy. But, when we become older, fitness becomes more and more important to long life.

Albert Bandura, one of my Stanford academic colleagues, is world-renowned for his work on "self-efficacy." When I first heard that term, I said to myself, "That's it. That's what aging is all about." It means maintaining competency, mastery, autonomy, independence. If, as we grow older, we give in to the opposite - dependency, incompetence and failure - we diminish the quality of our lives.

Bandura has written a prescription for self-efficacy. One of the essential components is the provision of peer models. This is what the World Veterans Championships is all about; it is what the 50-Plus Association at Stanford is all about; it is what the masters movement is all about. We can look to these individuals to see how good and how active aging can be to learn that physical exercise is an integral part of self-efficacy, and that can help us achieve our true, attuned, and vigorous selves.

Our aging is in our own hands. It is no one else's responsibility. If we depend on our doctors, our families, our government or our companies to ensure its adequacy, we must accept whatever future they guide us to, and we risk compromising the quality of our lives.

On the other hand, if we take charge of our lives, we can ensure that our future years are creative and radiantly alive. We can live our whole lives, which very few people until now have been privileged to do.

(Dr. Walter Bortz is a practicing physician at the Palo Alto Medical Clinic and is a clinical associate professor at Stanford University Medical School. He is a former president of the American Geriatrics Association and was a co-chairman of the AMA-ANA Task Force on Aging. His book: "WE LIVE TOO SHORT AND DIE TOO LONG" (Bantam Books) is on several Best Seller Lists.)



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- ✓ 48 Professional Newspaper Ads Twelve different ads, each in 4 sizes
- ✓ 15 Coupons for boosting response to all your newspaper advertising
- ✓ 8 Direct Mail Postcards camera ready
- ✓ Plus a special 15 page Kid's Kit—FREE



The Family Kit is a fantastic resource. This kit contains the best materials I've found for instantly creating a professional image. Plus, it is cost-effective and easy-to-use. I highly recommend it.

—Ray Gordon, Senior Partner of Sales Makers General Manager of Naples Fitness Center

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A Member Retention Program That Works

By Biz Stark

In the April edition of The CLUB INSIDER, we outlined the overall Member Retention Program used at Market West Athletic Club in Philadelphia and highlighted the New Member Assimilation Phase. Our program has been successful due to its simplicity and its ability to provide continuous feedback, both statistically and in relation to member-feedback during the critical first six months of membership.

After using this particular assimilation program for over 18

months, the percentage of all monthly dues terminations who quit during their first six months of membership was reduced from 32.9% to 11.1%. Assuming that we could maintain this 21.8% improvement for a period of one year, we calculate that we could generate an additional \$98,580 in dues per year!

The New Member Assimilation Phase tracks new joiners during months #1 through #6. After month #6, the new member is surveyed and this is placed in the "Retention Phase" for months #7 and beyond.

RETENTION PHASE - LONG TERM SUCCESS

During any phase of reten-

tion or assimilation, our major concern is irregular usage. We still operate under the age-old belief that most "controllable" terminations start with inconsistent attendance. Knowing WHY the attendance has become irregular is even more of concern, especially if we have not performed up to the level of expectation of our members. If they have lost interest due to staff indifference, whirlpool water is cold, broken fitness equipment or an aerobics instructor who does not arrive on time, we DEFINITELY want to know about it before it results in the involved member filling out a termination form at the Front Desk.

SOME TRADITIONAL ELEMENTS OF THE PROGRAM

At MWAC, we divide our "attack" into two phases: 1) following traditional methods and 2) using some unique, but effective tools.

Our traditional approach is much the same as most clubs use. Just as we did during our new member assimilation phase for months #1-#6, we watch for members with low usage (less than 4 visits per month) as the first predictable sign of a termination. Now that we are working with a much larger number of members than in months #1-#6, we must be practical in order to maintain our original intention to not make the program labor intensive.

Rather than contact members each month with low usage, we now contact those who have less than 4 visits per month for 2 consecutive months. This contact is a simple letter from Rose Moritz, our Director of Member Services, to make sure everything is OK and to afford them the chance to sign up for any upcoming programs or special activities. The purpose of this letter is to remind them that we care and to inform them of those activities that might make their club usage more consistent.



HEY BIZ . . .

I AM . . .

- IMPRESSED.
- PLEASANTLY SURPRISED.
- SATISFIED.
- A BIT ANNOYED.
- MAD AS HELL!
- READY TO OFFER A SUGGESTION

Hey Biz

tent. We try to "trick" them into coming back to the club.

For those members who have low usage for 3 consecutive months, we refer their situation to our appropriate Department Head who relates to their specific interest or reason for joining. We have this information on file as a result of a New Member Profile card that everyone completes as part of the intake procedure. On this form, we are able to learn why the member joined and what activities, facilities or programs they are interested in using. When the Department Head contacts the member who has had

poor usage, there is a meaningful dialogue that takes place, rather than a pre-determined, generic conversation that seems impersonal and a waste of time.

If a member has had less than 4 visits for 4 or more consecutive months, we make one last specific attempt to bring them back. This attempt is the same as one that has been successful during the assimilation phase: we send a free pass for either a personal training visit with our Fitness Director or to bring a guest to the club. Beyond this point, we make sure the

member receives all club mailings such as our newsletter and other special features so that we might rekindle their interest.

In the analysis of our terminations, we classify all quits into one of 3 categories: 1) fault reasons, where we have definitely been at fault, 2) gray reasons, where the club "could have" been at fault and 3) no fault reasons, where we had no control over the decision to leave. For a specific listing of how we classify these reasons, see the enclosed sample for January and February, 1995 (page 10).

Another valuable tool that we use is our "Length of Stay" report. This report shows how long each member was with us before deciding to leave. We can see any trends, strong or weak, with this report. Our initial decision to have both a new member assimilation phase and a traditional retention phase came from this report. When we saw that a large percentage of our monthly dues terminations were occurring in the first 6 months, we knew we had to attack this problem. Note that in our January & February, 1995 numbers, of the 41 total dues terminations (23

(See Biz Stark page 9)



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...Biz Stark

continued from page 8

+ 18), 5 of them (1+1+2+1) took place in months 1 through 6. This 12.2% figure is close to our objective of 11%.

SOME "UNIQUE" ASPECTS OF RETENTION

Over the years, we have found that there are no "casual" aspects of club operations. Not giving serious attention to the fine points of day-to-day operations only invites mediocrity. We have had many visitors to our facilities who have commented about our unbelievable attention to detail and our total awareness of the statistical aspects of running our clubs. We feel that many things that we do as part of our "normal" procedures make a positive contribution to the overall success of our retention efforts.

Too many owners and managers are still looking for the magic answers for success. Too many people overlook the details that could separate them from their competition. How many times have you been to a really top-shelf club and noticed their sense of awareness and how they had key personnel who were very detail-oriented. This high level of success experienced by these clubs did not come by accident.

With this in mind as we strive to be one of those top-shelf clubs, we have the following list of detail-oriented tools that we use to attack the retention monster. We do not "try" to do most of these things. We have built these tools into everyone's job description and evaluation program. For example, we have had entire staff meetings to discuss nothing more than the most efficient locker-room check procedures during prime times so our members weren't disappointed or surprised.

TOOLS FOR THE JOB

1) FITNESS CENTER NEWSLETTER - In addition to our normal quarterly club newsletter, we publish a monthly fitness newsletter entitled: "Workout Shorts." In this one-page item, we include a Success Story highlighting a member each month. We also

include a healthy recipe, a fitness trivia section and a specific exercise or machine that members might find difficult or new. By including these types of items every 30 days, we feel we are responding in a timely fashion to those items that are directly related to member usage.

2) SCHEDULED LOCKER ROOM CHECKS - After each department makes its weekly staff schedules, our Director of Operations is responsible for scheduling someone for a locker room check every hour during non-prime time and every 30 minutes during busy times. Rather than merely walk through the locker room in a "casual" fashion, we have a specific check sheet that is filled out and turned in each night. The cleanliness of our locker rooms is the #1 positive comment we receive from members and their guests.

3) HOUSEKEEPING STAFF - From 7:30 a.m. until closing, we have at least one housekeeping person on duty in the club performing locker room checks, doing laundry or towels, or cleaning the high traffic areas between prime times. Their duties are outlined on a detailed job sheet, showing the order and frequency of each task. This helps a great deal when a regular worker is absent and the management staff needs to fill in.

4) SKILLED MAINTENANCE STAFF - Between our two clubs, one Maintenance Director is a master plumber and the other is a registered electrician. Most problems with the facilities or equipment can be handled by one of these two people. We carry over \$10,000 in inventory of those pumps, motors, heater elements, etc. that have shown us over the years to be the most frequent in need of replacement. Our maintenance workers know that when they "conveniently" take the item they need off the shelf, they are to order another spare within 24 hours. Most of our breakdowns are corrected within 24 hours. We also receive many compliments about this timely attention to detail.

5) CLUB NEWSLETTER - When we publish our quarterly newsletter, we require our Department Heads to find legitimate reasons to mention at least 3 members in their part of the publication. Club members love to see their names in print or to read about their business associates. If pos-

sible, we try to write about non-club happenings. In this way, we feel our newsletter is more versatile and interesting.

6) CLEANING THE FITNESS CENTER - Our housekeeping staff is not responsible for cleaning the Fitness Center. We would rather apply the rule of specificity in regards to club cleaning. Let the housekeeping staff be concerned about the locker rooms, reception area, aerobics studios and other traffic areas. The Fitness Center closes 1/2 hour before the rest of the club. This is to allow the fitness staff to perform their normal closing procedures which include cleaning the entire workout area. As with locker room checks, there is a detailed check list that outlines these responsibilities. The check sheet is turned in each night to the Fitness Director for her follow-up, if necessary.

7) USING THE "HEY BIZ" FORMS - We took an idea from club consultant, Mike Chaet, and have used his "Hey Biz" forms for years. On these forms, the members are able to express their feelings, whether they are pleased, inquisitive or "mad as hell." As a religious part of our operations, when we receive a Hey Biz that needs the attention of a Department Head, a copy goes to them asking for a next-day response to Biz. If appropriate, the member is called and the item is addressed. Every other Friday, Rose and Biz write a personal letter to every member who leaves his/her name. Our members are amazed that they receive such a detailed and prompt response. By the time the member receives a personalized response, most of the requests have been filled.

8) STAFF LEARNING MEMBER NAMES - As a regular part of each worker's job description (especially at the Front Desk), they are asked to learn at least 5 new member's names each week. We also encourage the Desk staff to learn something about what each member does outside the club. In the Fitness Center, we require our instructors to address the members by name. As a help, the staff person "cheats" if necessary by looking at the member's workout chart before initiating the conversation.

9) THE WAL MART GREETER IDEA - During prime times, our management staff is

not permitted to take lunch breaks and they are instructed to only take club-related phone calls. The reason for this is not only to make them accessible to members, but to allow them to be in the lobby or reception area and greet members when they arrive. If a staff person is working at more than one of our facilities, and therefore not full-time at any one, we have them at the front desk as a desk attendant taking membership cards, looking at member's cards with pictures and names. In this way, we can maximize the chances that our members will feel welcomed when coming to work out.

10) TOWELS ARE IMPORTANT - Given our corporate setting in Philadelphia, our members prefer not to carry workout clothes or gym bags to the club.

In addition to providing laundry facilities, we provide the normal towel service. At the end of every week, our Director of Operations and our Housekeeping Director remove from circulation all towels that are tattered or worn beyond the "fluffy" stage. We use these for sweat towels in the Fitness Center. At all times we keep a minimum of 15 dozen new towels in storage and another 15 dozen clean and folded and ready for any emergency that might arise. When your laundry equipment breaks or an unexpected rush of members arrives, having towels ready to use is mandatory. Not having enough towels is a surprise your members do not want.

11) STRATEGIC FITNESS PROMOTIONS - Most clubs run internal fitness promos. (See More Biz Stark Page 10)



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More Biz Stark

continued from page 9

tions. We have found that the most successful promotions, as related to retention, are those that are strategically planned. We are always concerned about members who only use one part of the club. The members who only use one area, and lose interest in that area, are more likely to quit than those who have a second or third part of the club to hold their enthusiasm. We structure our promotions so that those members who use more than one part of the club can win more or better prizes. In this way, we are able to introduce more of our male members to aerobics and more of our female members to strength training. Those members who only use one specific area can only win the lowest level of prize for their efforts. We still want to encourage

involvement, but we prefer to reward multi-faceted usage.

12) ONLY 40 DAYS NOTICE TO QUIT - One might think that allowing monthly dues members an "easy-out" option is not a retention tool. We feel that by only requiring 40 day's notice to terminate a monthly dues membership forces us to be strong in all areas. It reminds us that we have to re-sell the club every 30 days to the members. If we fall asleep and become casual, the members have a safety valve option to leave. We are also required to give members 60 days notice before raising the rates. Usually done annually, this combination of a 60-day notice to them and only 40 days to us offers them another insurance policy against being trapped in a weak facility.

13) FITNESS ASSESSMENTS AND INTRODUCTORY WORKOUTS - Most clubs offer an initial fitness assessment

and workout as part of the intake process. Our computerized assessment is repeated quarterly and is included as part of the membership. We contact members and offer reminders when they are due for their quarterly appointment. When a member joins, we offer an unlimited number of orientation sessions on the equipment with an instructor. During this phase, the new member uses a different colored workout chart, and therefore becomes more noticeable to the staff as someone who might need coaching or extra help. Our members appreciate all the individual attention they get and say that their confidence level is high when they "graduate" and get their regular colored workout chart.

STATISTICALLY SPEAKING

At Market West in 1994, we had a gross turnover of 42.7%. Our "move rate" (terminations related to moving or job transfers) was 16.20%, resulting

MARKET WEST ATHLETIC CLUB -- TERMINATIONS -- 1995

ROW	MARKET WEST ATHLETIC CLUB	JAN	FEB
1995 YEAR #3	95	95	
1	FAULT REASONS		
2	Unhappy w/ staff/program/policy		
3	Changes in rates		
4	Joined other club	1	
5	Not using		4
6	Other Fault		
7	Total Fault Reasons	1	4
8	GRAY REASONS		
9	No time		4
10	No reason or Not Paying		
11	Expiration of Annual Membership	15	4
12	Other Gray		
13	Total Gray Reasons	19	4
14	NO FAULT REASONS		
15	Moving	10	8
16	Job related/Travel too much	2	9
17	Pregnancy/Medical	3	1
18	Financial	1	
19	Divorce/Personal/Deceased	1	
20	Changed Membership Type	12	1
21	Expired/Not renewing	8	6
22	Expired BUT renewed	12	1
23	Transferred to another person	2	4
24	Freeze for OK reasons	7	4
25	Freeze Over; No Response		
26	Other No Fault	2	1
27	Total No Fault Reasons	60	35
28	TOTAL GROSS TURNOVER	80	43
29	Minus expired BUT renewed	12	1
30	Minus transferred to another	2	4
31	Minus Freeze for OK reasons	7	4
32	ADJUSTED GROSS TURNOVER	59	34
33	Minus Moves/Job Related/Travel	12	17
34	CONTROLLABLE TURNOVER	47	17
35	GROSS TURNOVER YEAR TO DATE	80	123
36	ADJUSTED GROSS YEAR TO DATE	59	93
37	CONTROLLABLE YEAR TO DATE	47	64
38	MEMBERS @ START OF MONTH	1667	1732
39	MEMBERSHIPS SOLD	124	92
40	ADJUSTED TURNOVER	59	34
41	NET MEMBERS IN HOUSE	1732	1790



Rose Moritz - Market West Athletic Club

in a Controllable Turnover of

26.51%. We have set an objective of 22% controllable turnover by the end of 1995. We calculate that if we can reduce our 26.51% to the desired 22%, we can generate a total increase of \$45,000 in yearly

membership revenues.

CONCLUSION

Regardless of what your efforts are towards improving membership retention, don't look for any magical answers. Pay attention to details and add emphasis to those things you are already doing. Remember that members have probably already had at least one negative club experience that you will be compared to. Pay attention to your numbers. Make sure your entire staff understands and agrees to the importance of retention. If possible, dedicate some type of year-end incentives to achieving a turnover statistic that you feel will help you in your ownership or management objectives. Reducing your turnover is much too big a challenge for only the owner or manager to face. Make sure everyone is involved in the "same bed, same dream."

(Biz Stark, a former football coach and university instructor, has been in the club industry since 1976. He has spoken at several IHRSA conventions and seminars and has written many related articles over the years. A member of the Vanguard group of IHRSA, Biz is the General Manager/General Partner at the Market West Athletic Club in Philadelphia and the Director of Operations at The Pike Creek Fitness Club in Wilmington, Delaware. Biz can be reached at (215) 963-2700 or (302) 239-6688.

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IHRSA State Of The Health Club Industry Report Summary - Part II

Sponsored By Cross Conditioning Systems - Report Editor, Cathy McNeil

• Over the next five years, 100 more hospital-owned health clubs are expected to be developed, bringing the total number of hospital-owned centers to 350 - 3% of the nation's approximately 12,000 health clubs.

The hospital - owned club growth is being fueled by three conditions: (1) an aging population that is looking for more prevention-oriented programs, (2) the need for new revenue streams as profits stagnate at most hospitals, and (3) the move nationally towards a managed care system which financially incentivizes the medical community to keep people out of hospitals.

According to the Association of Hospital Health and Fitness Center's (AHHFC) spokeswoman Robin Schuette: (1) The average age

of the hospital-club member is 45; (2) 40% of hospital-club members had never visited a health club or exercised before joining the club; (3) The average attrition rate for hospital clubs is 26% versus an estimated 35-40% for the club industry overall.

• Most hospital clubs focus on the following markets: (1) The older adult 45+, the "aging baby boomers"; (2) Patients coming out of physical therapy or sports therapy; (3) The hospital's affiliation with an HMO and its subscriber patients; (4) People who have never joined a club before; (5) Hospital employees and their families.

• The leading hospital clubs are beginning to go after the corporate market because corporations want to keep their employees healthy. Very few hospital

centers are trying to attract families.

• The average size hospital club is 13,000 - 15,000 square feet and exercise equipment is very popular in hospital clubs. Also, swimming pools are becoming "standard offerings" in most hospital clubs because of the need for low impact programming.

• AHHFC's Schuette says, "Hospitals backed into the health club business in the 80's as a means of educating the community about prevention. Hospitals decided to be outright owners to maintain quality of the facility and staff. They want to offer something for special populations - people dealing with cancer, arthritis, heart disease. If they look into affiliations, potential partners are health clubs, YMCA's and the

park districts in the community. Currently, out of 1,927 U.S. - IHRSA, clubs, 43 or 2.2% have some hospital affiliation. John McCarthy, Executive Director of IHRSA predicts that up to 30% of health clubs will have some kind of affiliation with a traditional medical provider by the Year 2000.

• Dr. Jim Rippe, medical advisor to IHRSA says, "Hospitals do not feel that they understand the health club business. The trend is for hospitals to purchase services; they purchase cafeteria services, they purchase accounting services and they could very well look to purchase fitness services."

• Hospitals want to keep their fitness centers in line with the hospital's mission. Peg Campana of the Edward Health and Fitness (See *State of the Industry* page 22)

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Understanding The Mature Consumer

By John Rude, MS

While significant numbers of consumers are reaching mid-life and mature adult years, athletic clubs and fitness centers continue to market substantially to younger market segments (20-to-35-year-olds). When I perform market research for a club, I often discover that clubs experience a "revolving door" dysfunction with respect to membership: Monthly, 60 new members come in the door and 60 existing members go out the door. Further analysis reveals that the majority of both new and lost members are young adults - the most transient of the membership

spectrum. Why, then, do facilities continue to throw huge marketing dollars at a market segment that provides limited growth in overall membership?

It appears that several blind spots exacerbate the issue:

- Facilities are highly conditioned to serve young adults (that's been the historical experience of most athletic clubs and fitness centers since the fitness craze began in the early '70's.)

- Youth values dominate Western culture and the culture in turn supports clubs that maintain these values.

- Club management and personnel, like most Americans, are into "looking good": the possibility of appealing to a market segment such as older adults may

seem to tarnish a club's "youth" image.

- Clubs assume the youth market and maturity market cannot coexist.

- Older adults are often perceived as being poor and thus without the financial resources to join a club.

Any or all of these perceptions may be stopping you or your club from reaching the maturity market. If so, now is the time to look deeper into a market opportunity that may be slipping through your fingers.

FACTS ABOUT OLDER CONSUMERS

Consider these statistics:

- Older adults control 80 percent of all savings in the United States.

- Older adults control 50 percent of all discretionary buying power in the United States.

- Older adults have deep roots in their communities and are far less transient than other age groups.

- Older adults are very loyal members if properly served.

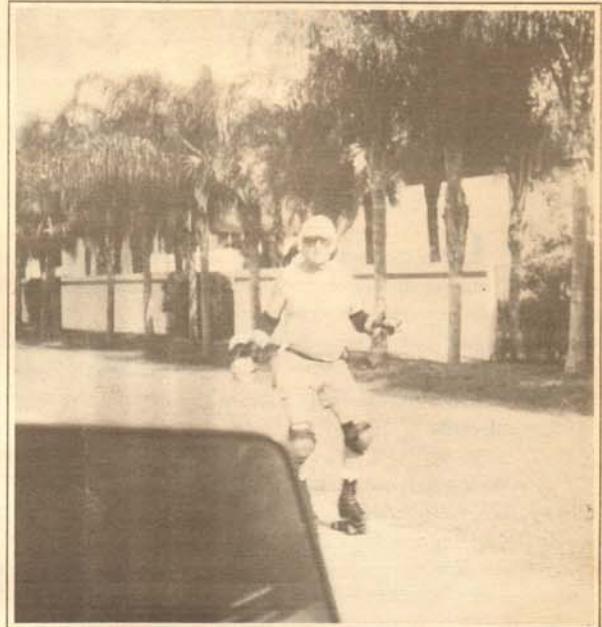
- Clubs that cater to older adults report that retention levels for this market segment are often above 80 percent.

How, then, can a fitness center develop effective programs for the maturity market? Below are four principles based on my knowledge of gerontological literature and my own direct experience with older adults. When applied to program developments, these principles will yield powerful results.

PRINCIPLE #1: Variability

As people age, they become more individuated, more authentically themselves and less like one another. However, many people mistakenly assume that as people age, they become more alike; therefore, programs and classes are frequently designed around fairly narrow skill levels, interest levels and market segments.

For example, a club may promote an "aqua arthritis class" and a "lite and easy" step class to attract mature adults.



A "Mature Consumer" - Naples, Fla.

This approach essentially assumes that only seniors have arthritis and that all seniors need to slow down and do something less stressful than younger adults. Not true. Arthritis affects all ages; all seniors do not have arthritis; and all seniors do not want or need less intensity? Therefore, the program strategy is very limiting from both a programmatic and a marketing perspective.

When designing programs, it is paramount that managers, program developers and instructors all view the older market as highly diverse. Clubs that have developed personal training programs have a "leg-up" on the aging market simply because the one-on-one approach fits well with the variability principle. With personal training you can tailor specific programs to individual needs and interests.

Once its older adult program is ready for implementation, a club must be prepared to receive a diverse membership that can include people ranging from absolute novices to master athletes. In between will be individuals at all sorts of experiential and fitness levels, as well as people with a variety of health conditions. The bottom line is that a broad range of program choices and intensities must be designed to serve this market effectively. A case in point: Perhaps a club begins with one water aerobics class that has 10 participants, and within three months attendance has grown to 30. At that point it would be astute to analyze the intensity level in relation to each person's ability and desired outcome. One

may discover a natural progression into two or three class offerings ranging from entry level to advanced. Like any other age group, older adults want and deserve to be maximally challenged.

PRINCIPLE #2: Potential

We often perceive that most of our growth potential is used up by the time we reach mid-life and that growing older means that "growing" stops. This perception is very myopic and frequently keeps programmers and instructors from challenging participants at levels that enhance growth, development and potential.

Misperceptions about aging cause us to assume older adults are weak and incapable. Unintentionally we patronize, condescend to or want to "take care of" a less capable person, especially an elderly one. A classic example of this is described by William Evans, PhD, and Irwin H. Rosenberg, MD, in their book "Biomarkers." They state, "In many strength-building studies, the investigators did not push their older subjects hard enough. The researchers assumed their older subjects couldn't withstand anything beyond very low intensity training, which usually meant 30 to 40 percent of maximal lifting capacity." Consequently, poor results affirmed that muscle strength decline was inevitable. (See John Rude Page 16)



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An industry legend & president of Club Marketing and Management Services, Mike is one of the leading club marketers in the U.S. He is a contributing author to numerous fitness journals, and is the guest lecturer for such organizations as IHRSA, Club Industry and BodyLife. Mike has been in the club business since 1965, during which time he has been involved in every level of the club operations, including a prestigious stay at the Los Angeles Athletic Club. Along the way he has owned and operated his own clubs. As a consultant, Mike has been involved in the development or management of over 1500 different clubs worldwide. He is quite simply the supreme educator who will transform your approach to club marketing and management.

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...Turnaround

continued from cover

to pay for the capital improvements and equipment acquisitions from the cash flow from the increased sales that would be generated. In a significant vote of confidence, the owners invested \$130,000 to convert four racquetball courts to a fitness center, convert two courts back to racquetball from other uses and completely remodel the facility. Working with local artists, Sandi Gordon did a great job with the interior color coordination and graphics installation. The facility now has new colors throughout, new carpeting and very attractive graphics....in short, the facility interior is brand new. An additional \$120,000 gave the club a line-up of stair climbers, treadmills, recumbent and upright bikes and various lines of weight equipment. To provide members with fun and diversion while working out, a Cardio Theater system was installed. Also, a PACE Circuit system was added. In the control desk area is a computer system which helps greatly in access control, member usage tracking, EFT processing and other club administrative needs. The restaurant/bar area was totally remodeled and decorated in attractive/up-scale colors. The child care center was remodeled and re-opened after having been closed for three years. The interior feel of the club is very upbeat and relaxing as the energizing color scheme helps set the stage for fun while folks work out.

Instrumental in the club's turnaround was Ray's creative combination of personal trainers and the fitness testing system. This very innovative program has been tremendously helpful in bringing new members into their workout program profession-

ally and carefully. This aspect of the revitalized club is also paying great dividends.... in fact, Ray is able to pay his entire fitness and child-care staff from revenues generated from the fitness testing and personal training programs he created. In fact, in recent months, the club has had a surplus of dollars after covering those costs. Not to mention that the members who were introduced to the club through this new training program are happy, getting results and paying their dues! (Through EFT of course.)

Consider this. When Ray and Sandi Gordon arrived in January, 1994, this club had a little over 300 members. Now, the club has 1700 members after approximately 1 1/2 years of Sales Makers work!

So, what is it about the Sales Makers system that could contribute to this great reversal of a club's fortune? First, let's talk about what the system is NOT. What it is NOT is a "quick-fix" scheme like some of the fast buck membership promo programs that some so-called professional sales consultants put out there. Those "Promo" deals where you get mail stating: "Congratulations! You have just won a FREE three-year membership to XYZ club, all you have to do is to come to the club within 24 hours of receipt of this certificate and register!" The Sales Makers System is NOT one of those programs.

What the Sales Makers System REALLY is about is this: organization, training, practice, supervision, follow-up, detail, personality, work ethics, more training, "inspect-what-you-expect", extensive phone work, accurate record keeping, member relations and involvement, creative promotions, member appreciation parties, goals, fun and the list goes on. The clubs who have received the Sales Makers

(See More Turnaround page 26)



Sandi and "Ray Bob" Gordon

Sales Makers

Wishes to Thank:

Jim Banks
 Brian Blaylock
 Rebecca Byrket
 Kevin Byrket
 Labid Ereifej
 Jennifer Flammio
 David Flammio
 Matt Gordon
 Mary Ellen Hamor
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American Council On Exercise Launches New Publication

ACE FITNESS MATTERS

San Diego, California - The American Council on Exercise (ACE) has introduced ACE FitnessMatters, a new bimonthly health and fitness publication.

ACE *FitnessMatters* is a "Read 'n Keep" System - that is, a series of health and fitness newsletters, that come with a unique organization system for easy storage and referral. Readers will be able to

insert sections from each issue into tabbed compartments for easy access.

"We developed ACE FitnessMatters after extensive research among fitness professionals and consumers about the kind of health and fitness information they wanted and how they wanted to receive it," says Sheryl Marks Brown, Executive Director of ACE. "This publication will provide fitness professionals, teachers and consumers with a "bible"

of timely and updated information - right at their fingertips."

The sections include:

- ResearchMatters (new fitness research and trends)
- TasteMatters (nutrition topics and recipes)
- InfoMatters (information sheets on a variety of health/fitness related topics intended for reproduction and distribution)
- BodyMatters (exercise information and routines designed

for different body parts)

Richard T. Cotton, formerly Senior Director of Education for ACE, is Editor In Chief of ACE *FitnessMatters*. He is also the editor of ACE's Aerobics Instructor Manual.

Subscriptions to ACE *FitnessMatters* are \$17.95 per year; subscribers will automatically receive the "Read 'n Keep System" binder cover inserts and divider tabs for each section.

The not-for-profit ACE

is committed to enriching quality of life through safe and effective physical activity and accomplishes its mission by setting certification and education standards for fitness instructors and through public education and research. ACE has certified more than 46,000 aerobics instructors and personal trainers since its inception in 1985.

For more information on ACE *FitnessMatters* and to subscribe, call (800) 825-3636.

...John Rude

continued from page 12

with age.

Later, Walter Frontera, who-together with Evans and his colleagues - initiated the Tufts University research on muscle strength and development, concurred that to get results, "the elderly should not be treated with kid gloves. Just like younger participants, they must work at 60 to 100 percent of maximal capacity.....and make a concerted effort." Once the researchers broke through that paradigm, they discovered that participants experienced significant gains! Regardless of age, the human body has incredible potential. Through well-prescribed programs, participants can discover unrealized potential that can equal or exceed fitness levels present in earlier years.

PRINCIPLE #3: Fitness as a "Means"

Fitness for older adults

is a means to an end, not the end itself. The strategy is to discover what your members are up to in their lives and the goals and aspirations they want to achieve. For example, you may be helping one person increase his arm strength so he can lift his grandchildren; helping another increase her agility so she can enjoy gardening more fully; and helping a third participate in adventure travel, such as a trek, without getting exhausted or injured. If your program can deliver those types of results, you can bet the members will be back for more.

PRINCIPLE #4: Fundamentals

A fourth key ingredient to effective programming and/or instructing has to do with fundamentals. Most adults currently in their sixth, seventh and eighth decades of life have limited experience and understanding of the fitness environment. This environment can be very intimidating and is often perceived as unsafe. The

word "fitness" wasn't even in the vocabulary of many prospects during their formative years. So it is essential for instructors to begin classes with very fundamental steps, explaining safety measures, teaching proper techniques, even defining commonly used fitness words- doing whatever it takes to make the equipment, program and entire club user-friendly!

BE A VISIONARY

If fitness centers want to become bigger players in the marketplace and position themselves as health and wellness providers, they must break away from the limitations of youth values and begin to address a broader spectrum of the mar-

ket. The opportunity awaits those who are visionaries!

(John Rude is the President of John Rude and Associates in Eugene, Oregon, (800) 929-

2719, a consulting firm that provides expertise in program development, strategic marketing and staff education, all focused on the maturity market.)

SOUTH FLORIDA CLUB SEEKS SALES MANAGER

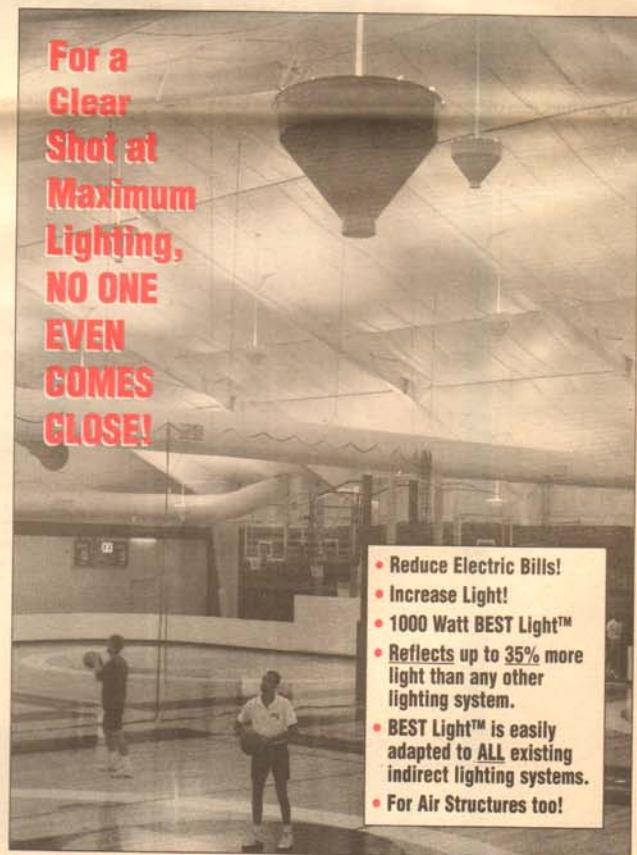
Experienced, self-starting sales manager sought for well established, re-modeled athletic club in Ft. Lauderdale, Florida suburb. 30,000 square feet-multi-purpose club. Salary, commission and profit-sharing bonus presents opportunity for right person to earn \$35 - \$50 K/yr.

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A TRIBUTE TO DALE DIBBLE

By Norm Cates, Jr.

MAN - OH - MAN..... talk about enthusiasm! Dale Dibble is a man whose enthusiasm, ideas and open sharing of knowledge in the club industry has shaped and expanded the thinking of club operators across North America.

Dale Dibble's life is all about enthusiasm. His contributions to the club industry have helped redefine the business and his club career, shared with his devoted wife, Olive Mae, is a terrific story.

Dale grew up in small town in Washington state. He was Captain of his high school football, basketball and baseball teams and was elected President of his high school student body. In his normal modest manner he says, "It was not that I was good, there were not many to pick from!" He went on to college and was again honored by election to represent his class on the student council at Washington State University. He was president of Intercollegiate Knights (a service organization) and ended up being elected as the head cheerleader for his college. He majored in physics.

Graduating from college, he enlisted in the Air Force and became a weather officer. Later, he served in World War II as a fighter pilot. After WWII,

he returned to a small town in Washington State and bought and operated a combination grocery, hardware, gas station and post office. Because of his technical background, he was recalled to the Air Force during the Korean conflict, serving as a "hurricane hunter" based in Bermuda. He later retired from the Air Force as a Lt. Colonel.

After retiring from the Air Force, he was hired by General Electric and worked as manager of the Aerospace Engine Instrumentation Sales department. While working for GE, he was asked to take over the responsibility of construction of swimming pools and tennis courts for a new country club being built for the families of the GE employees. He did this work during his off hours with no pay. This was the beginning of his great career developing outdoor pool/recreation environments. While operating the three-pool swim/recreation center for GE, the facility attracted "wall to wall people" and was immensely successful. He was assisted by his wife, Olive Mae, who kept the books and was very instrumental in the success of his club career.

Dale commented about Olive Mae's work, "There is nothing like having perfect records and data with which to make decisions. Five different times we have been examined by the IRS. Their standard comment after review of the books was about the high quality of Olive Mae's bookkeeping records."

Dale began his commer-



Olive Mae and Dale Dibble

cial club career in 1965, parlaying \$30,000 in the beginning to build the Groveland outdoor swim and tennis club. They accomplished this through plain old hard work, great creativity and determination. Dale was still employed with GE when he opened the Groveland facility, and he and Olive Mae shared operational duties. Dale left his career at GE in 1969 to devote full time to the new outdoor club business. He felt that the load was too heavy on Olive Mae, so he left the corporate world at age 44 to go into his club business full time.

Due to the popularity of their outdoor swim and tennis club, Dale was approached by many people to build another tennis center, this time, one with indoor tennis courts. Teaming with Ed and Zoe Veasey and Cliff George, the Cedardale Indoor Tennis Center opened in 1971. They enjoyed those early days when they were "the only game in town." The times of little competition didn't last long during the early indoor tennis days. Soon, there were a number of new indoor tennis centers cutting into their profits. Dale likened those times to fishing..... "when you arrive at a good fishing hole and start hauling them in.....soon you will be surrounded by a crowd of boats all around you!"

The partnership responded to the new indoor tennis competition by building an outdoor 50-meter pool, 12 outdoor tennis courts, a party pavilion, dressing areas with two apartments above for living areas, a snack bar and even 3 aqua slides. Dale's logic was the more people they could get involved in summer play, the more they could draw them into winter indoor play. Again, they leveraged the deal with owner-financed land. All totaled, the outdoor addition cost \$175,000 in 1971! Today, the outdoor component of the Cedardale Club has six swimming pools and several party pavilions.

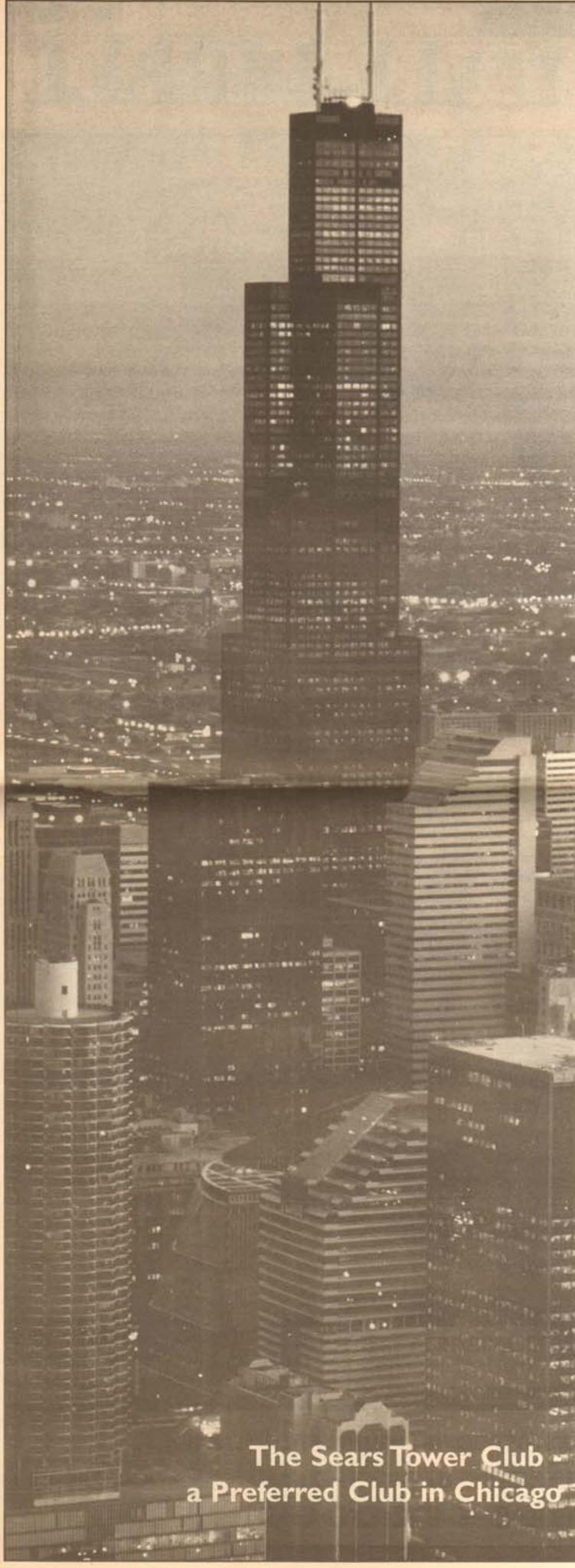
The Cedardale Club continued to be expanded and changed with the addition of racquetball courts, aerobics, Nautilus, free weights, indoor pools, restau-

rants, bars, etc. until it reached a pinnacle of income and profits. Cedardale has been identified by IHRSA's industry data studies as one of the top financially performing clubs in the U.S.

Dale Dibble retired not long ago, and with the very able assistance of club industry guru, Rick Caro, was able to negotiate the sale of the Dibble's 50% interest in the Cedardale Club to their partners, the Veaseys. Now Dale, at age 75, and Olive Mae enjoy life in beautiful Naples, Florida, enjoying each day with a two-mile walk or a long bike ride in the morning and two miles in the evening. And, Dale stays in close touch with his sons, and their partners who operate the summertime corporate facility in Groveland, Ma.

Over the years, Dale Dibble contributed tremendously to the learning of others in the industry by always being willing to openly share his club numbers, his ideas and his dreams. And, he was present on that wonderful day in Chicago, Illinois, in 1980, when the idea of what is now IHRSA got its first green light. To say that Dale Dibble has been very instrumental in the professionalization of the club industry in America would be an understatement. His boundless energy and enthusiasm, and willingness to share his knowledge has directly or indirectly helped everyone in America that operates a club today..... we wish to thank him and give this tribute to one of the greatest men in the history of the club industry, Dale Dibble.

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BALLY'S WINS \$1.7 MILLION INCENTIVE PACKAGE IN MARYLAND

By Norm Cates, Jr.

Threatening to relocate 450 jobs to Michigan, Bally's induced Baltimore County and the State of Maryland to provide a \$1.7-million incentive package in exchange for a pledge to remain in Maryland.

Bally's operates one of three operations centers in Towson, Maryland. Plans are to eliminate one of the three as part of a corporate consolidation. With this incentive package in place, the bulk of which is a \$1.5 million, low-interest loan from the State, Bally's will stay in Maryland and instead will shut down the Michigan operation. Bally's is one of Towson's largest white-collar employers and has an annual payroll of \$13 million. In addition to staying in Maryland, Bally's will add another 130 employees to their

Towson location, increasing local payroll by \$2 million.

The company plans to use the state and county financial incentives to help purchase \$3 million worth of new computer and telecommunications equipment and for training for both new and existing workers.

The low-interest loan from the state must be approved by the State General Assembly's legislative policy committee. However, there may be a movement by local club operators protesting this tax-payer funded financial incentive package. Whether local club operators will mount a protest to this deal remains to be seen. The argument most likely to be heard is that this incentive package, although for Bally's administrative branch, sets up unfair competition for local operators.

Ron Jones, the Chief Oper-

ating Officer of the Baltimore area Merritt Athletic Clubs (4 area locations) writes to Governor Parris N. Glendening: "Our first concern is that by subsidizing Bally, the State and County will create another UNFAIR COMPETITION SITUATION in a field that is already overwhelmed with TAX-EXEMPT facilities providing enormously unfair competition. Jones continues: "Our second concern with this proposed subsidy is that you will be subsidizing the fitness organization in this country most noted for questionable marketing and business practices. To take it a step farther, perhaps the most distasteful and criticized part of their marketing is their long-term, financed membership contract. This is the department of their business mentioned in the article. Does the State/County really want to be in the position of supporting financed, long-term,

charter, non-refundable contracts?" Included with Jones' letter was a report from the Consumer Complaint Division of the Office of the Attorney General of Maryland. On the report, the Bally area clubs clearly led the list in terms of complaints filed. However, of 76 complaints filed against Bally during the period from January 1, 1994 until December 31, 1994, 70 had been resolved.

This situation illustrates the very difficult position that Bally's leaders find themselves in. Mike Lucci and his new management team appear to be making genuine and substantial efforts to correct the problems that have landed Bally's Clubs in numerous courts around the country. There are a number of efforts underway including: (1) A new and very professionally done sales training program and (2) ACE Certifica-

tion for Bally fitness trainers nationwide. The internal efforts by Lucci's team are intended to fix the operational problems. And, obviously, Bally is seeking ways to cut costs on the corporate level as evidenced by the plan to eliminate one of three very large administrative centers. To have sought and obtained this kind of financial incentive package from the State/County for their consolidation purposes is good business by Bally, but it makes the local club operators bristle because they do not receive benefits of this kind and because they have had to compete for years with some of the very practices that Lucci is attempting to correct. The bottom line is that Bally needs to be doing these kinds of things in order to help the Bally Health Club organization survive.

Hopefully, the local club operators will be able to separate what

(See Bally page 21)

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WE PUT FUN INTO FITNESS

Tony de Leede's Cardio Theater Express opens in Atlanta

Atlanta, Ga. - Tony de Leede calls his new state-of-the-art fitness facility CARDIO THEATER EXPRESS, "the future of fitness."

On April 11th, de Leede opened the first of what is planned to be many Cardio Theater Express facilities. These efficient entertainment/exercise facilities will be typically 3,000 to 4,000 square feet and are targeted to appeal to the 80% of the American population who are non-exercisers and have never joined a club. "The early joiners of our first Cardio Theater Express fit that profile well", says deLeede. The number of people in the U.S. that fit that profile would make over 200 million people his target audience. de Leede is convinced that many people who are currently "couch potatoes" can be persuaded to venture out to his Cardio Theater Express concept. His new-proto-

type facility has 8 big screen T.V.'s tied into the Cardio Theater system which provides access to cable, stereo radio music, C.D. players and audio cassettes. Along with the Cardio Theater comes a full array of publications of all kinds to entice the readers of the world. The exercise component in the facility includes 46 cardio machines of all kinds arranged to provide a full view of the big screen T.V.'s.

Tony de Leede has owned and operated Atlanta's Australian Body Works, a 10 facility chain of small to medium sized fitness facilities since he founded it in 1982. Australian Body Works has been successful in carving out a niche in Atlanta's crowded northside market. Two years ago, he acquired a 50% stake in Cardio Theater Company and since that time, he has been able to increase



Tony de Leede - Cardio Theater Express

sales of the Cardio Theater significantly.

de Leede plans to install 25 Cardio Theater Express locations in the Atlanta Metro area and 100 locations around the world in the next five to eight years.

APHELION INTRODUCES TOUCHSCREEN CONTROL

Houston, Texas - Aphelion introduced a new touchscreen control for their health club computer software. The touchscreen allows a front desk operator to simply touch the screen to operate the system.

The new version simplifies ProShop sales and member check-in by eliminating the keyboard and mouse from the reception area. By just touching the computer screen, the operator can quickly sell any ProShop item or checkin members. The touchscreen version is designed

to handle high volume front desk and ProShop traffic.

The new version operates under the Windows operating system and provides a smooth upgrade for previous users. With the simple design and defined upgrade path, the software is ideal for growing clubs. As with previous versions of the software, version 6.1 will display a photograph-quality color picture on the check-in screen, bill members and produce comprehensive reports. The new version includes all the tools

needed to profitably manage a health club, including draft printing, prospect tracking, scheduling calendars, employee timeclock, class activity tracking and more.

Aphelion, Inc. provides computer software and systems for club management and in-house member billing. Aphelion software is installed at over 550 locations worldwide. For more information, contact Paul Bunting at (800) 324-9800 or (713) 333-9800 in Houston.

...Bally

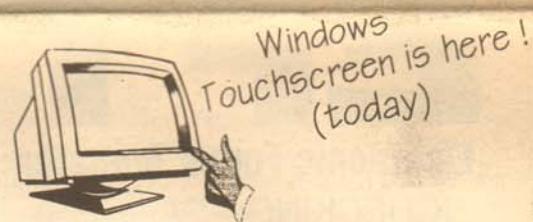
continued from page 19

is a legitimately good business effort on Bally's corporate level from the idea that it is an unfair business practice, putting local clubs at a disadvantage. In my judgment, this particular situation is not a local club level situation, it is a national level situation

which could in the long run help the Bally Health Clubs survive. It is this writer's belief that if Bally's does fail and goes out of business, all clubs everywhere in the U.S. and Canada will feel the negative repercussions in terms of overall distrust of the health club industry. In the years past, trust from the consumers has been low..... but is now improving due to the efforts of IHRSA and Regional Club As-

sociations to professionalize the industry. The failure of the Bally Health Club chain could set the club industry back years in terms of consumer trust that has been built nationally through the efforts of good club operators, such as Ron Jones and Roger Ralph in the Baltimore area. This potentially damaged trust could depress membership sales everywhere. We all need to understand.

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LIVINGWELL LAWSUIT UPDATE

In a lawsuit which could mean personal liability of as much as \$100 million for Ron Hemelgarn and Tom Fatjo, the jury found in late summer, 1994 that LivingWell, Inc. (LWI) was insolvent from December 31, 1986 to October 27, 1989. LivingWell continued to operate during that time frame without the protection of filing Bankruptcy and it was during that time that LivingWell, Inc.'s assets were depleted to less than \$5,000 and creditor debt increased to \$148 million. On October 27, 1989,

LWI filed for a Chapter 11 Bankruptcy, setting the stage for the lawsuit by LWI Trustee's seeking over \$100 million from the officers, directors and auditors of LWI to obtain damages for fraud, gross negligence, conspiracy and other improper activities. Hemelgarn and Fatjo, among

others, were named as Defendants.

UPDATE: Due to the complexity of the case, the U.S. District Court Judge in Houston, Texas decided to split the case into two parts. Part I determined the actual time frame during which LWI was insolvent prior to filing

for Bankruptcy and that time frame is set forth above. According to the lawyer for the LWI Trustees, Part II of the case, which will determine the actual amount of the damages, has not been heard, but is set for later this year. Stay tuned!

...State Of The Industry

continued from page 11

Center, Naperville, Illinois, feels that the issue of profit vs non-profit will be decided by the mar-

ket. "Some hospital clubs will go for profit, some not-for-profit. If they are in an area with a lot of private clubs, they probably will open as a "for-profit clubs", says Campana.

• Neil Sol of Health Vantage, Inc. notes that the average hospital has gross revenues of \$75 million. The average IHRSA club, on

the other hand has gross revenues of \$1.2 million, so Sol feels it is clear that fitness centers are a very small part of hospital's business.

• Hospital Fitness Centers are located according to the following breakdown: 31% off campus, 13% in hospital, 31% on campus free standing, 9% ancillary outposts and 16% medical office buildings.

• Caroline Martin of the Riverside Health System, Newport News, Virginia says, "The future of health clubs is in the collaboration between clubs

and health care systems."

• The shift to managed care puts prevention into the club spotlight.

• The number of HMOs is shrinking, down from '93 to '94 by 13%. The HMO/PPOs - with their focus on prevention - rapidly are becoming the health plan of choice for most Americans. "Managed care is a fact of life, a major trend in hospitals. The battle right now is for market share," says Jim Rippe, M.D. Managed care companies are also seeking ways to keep people healthy and out of hospitals.

• IHRSA clubs are successfully affiliating with HMOs and health insurance companies around the country.

• Statistics show that every \$1 spent on preventive care yields \$3 in savings on acute care.

Next month, Part III will cover: The home and hotel fitness centers, raising capital for growth, programming for the future, major club industry players and other companies to watch.

O. J. JURORS LOOKING TO TRIM THE FAT!

Los Angeles, California - While O. J. Simpson exercises his right to a fair trial, the jurors in the case of People v Simpson can now

exercise as well.... on a Lifecycle aerobic trainer, a recumbent Lifecycle, a LifeStride treadmill and a LifeStep stairclimber.

According to a release

issued earlier by the Los Angeles Superior Court's public affairs office, the equipment, donated by Life Fitness of Franklin Park, Illinois, has just been made available to the sequestered jurors for the duration of the trial.

Thus, as the legal briefs continue to pile up inside the courtroom, jurors looking to keep their own briefs from expanding (remember, the scales of justice aren't always kind) can now work out on a Lifecycle and be "fit for trial."

"Hats off to Judge Ito for defending the jurors' right to fitness," said Augie Nieto, president and CEO of Life Fitness. "He knows they're dealing with weighty issues eight hours a day — and twenty minutes on a Lifecycle will give them one less to contend with at night."

At the conclusion of the trial, the Life Fitness equipment will be donated to a charity.

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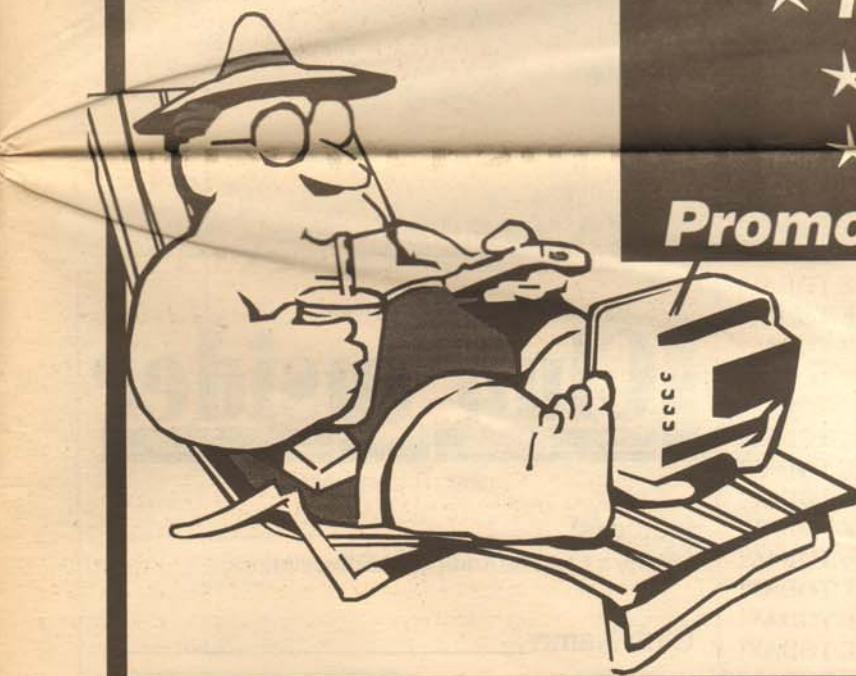
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continued from page 14

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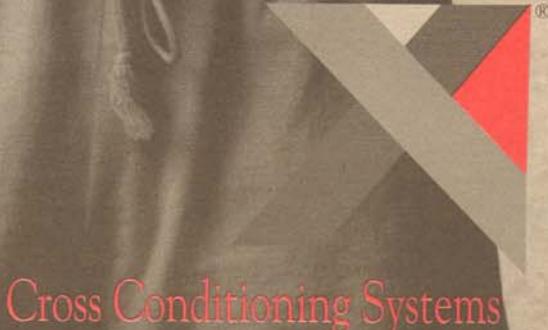
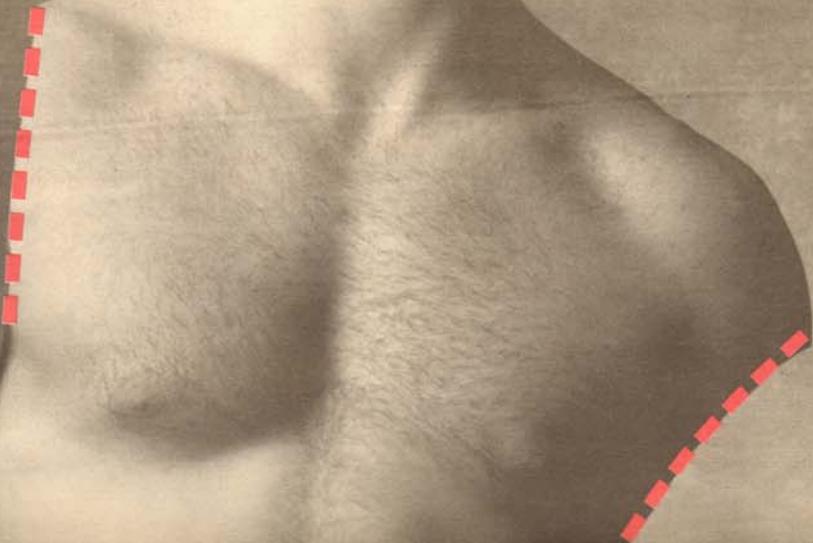
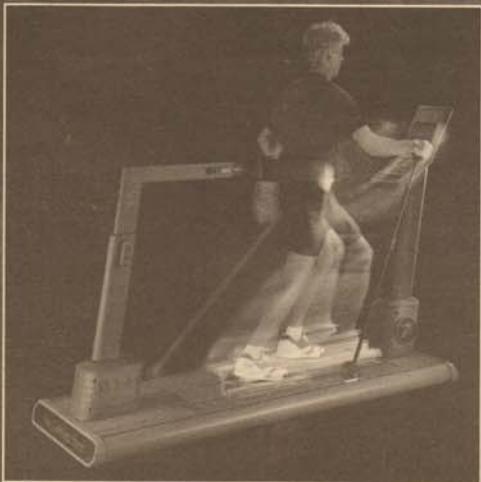
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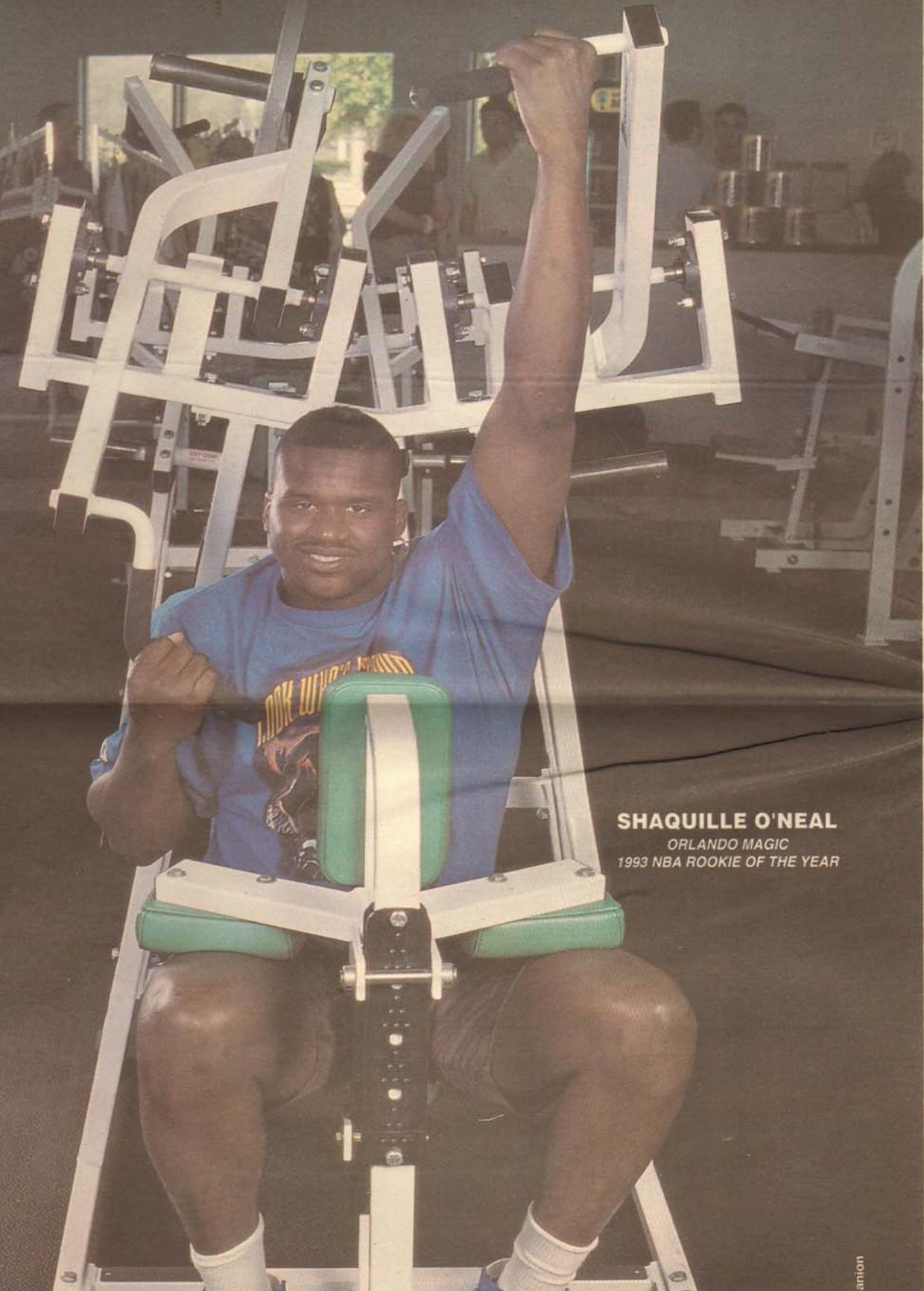
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