

# THE Club Insider<sup>®</sup>

## NEWS

The Pulse of the Health & Sports Club Business

June, 1994

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# EXERCERE OUT! IHRSA IN!

By Norm Cates, Jr.

IRSA President, Larry Krieger and the IRSA Board of Directors are to be CONGRATULATED for taking a difficult situation and making the most of it! The IRSA Board of Directors made a wise decision NOT to change the name of the Association to Exercere, ending a hotly contested debate which spanned a period of about eight months.

Larry Krieger and his Board of Directors did the RIGHT THING with this decision on the IRSA name change. For several irritating months, Larry, the IRSA Board, John McCarthy and his

staff took a lot of grief from The CLUB INSIDER and from many IRSA members about the name change process and the name EXERCERE. During the IRSA Board Meeting in early June, instead of proceeding with the installation of Exercere, they voted to modify the name of the 13-year-old Association to be more inclusive, descriptive, use the word "association" and retain the equity built up in the acronym IRSA.

By making this decision, they have improved a name, IRSA, which had caused some of the Association's members and thousands of prospective members to feel left out. With this change, the name becomes more appropriate for the current mem-

bership and for thousands of clubs around the world that are prospective members of the Association.

The new name, if ratified by the IRSA members will be:

The International Health, Racquet and Sportsclub Association (IHRSA, pronounced like IRSA)

After hearing significant member objections to the name "Exercere" before, during and after the special Member Open Forum held at the Reno IRSA Convention, the IRSA Board of Directors cast aside Exercere. They wisely decided to save the name equity by changing the name while keeping the pronunciation the same. The new acronym, IHRSA, will be pronounced the same as IRSA has been for 13 years. How

simple.... and smart!

They also created a new communication plan which I described in last month's CLUB INSIDER as a "quantum leap in communications." The creation of this plan is another positive result of this name change debate. Now, the Association leadership can get on with the business at hand, (i.e. to help its member clubs succeed).

By making this move, I think the IRSA Board of Directors has prevented the Association from becoming divided into two camps. The last thing IRSA needed after 13 successful years, was to become divided over a new name. The CLUB INSIDER received numerous letters, faxes and phone calls from IRSA members

who were upset by the Exercere name choice. Due to a lack of communication to the membership about this opposition movement, The CLUB INSIDER felt it appropriate to provide a voice for the opposition group. Led by former IRSA President, Cecil Spearman, Advisory Council Member, Warren Wertheimer and Jim Nash of the Harbor Bay Club, Alameda, California, the opposition was significant. Over 400 clubs voted against Exercere, even after an extensive Exercere mailing and promotional campaign was conducted by IRSA.

Larry Krieger and IRSA Executive Director, John McCarthy, were concerned about the high number of clubs voting against Exercere, even though technically, (See IHRSA page 3)

# SPORTSLIFE LAUNCHES VIE MAGAZINE!

By Norm Cates, Jr.

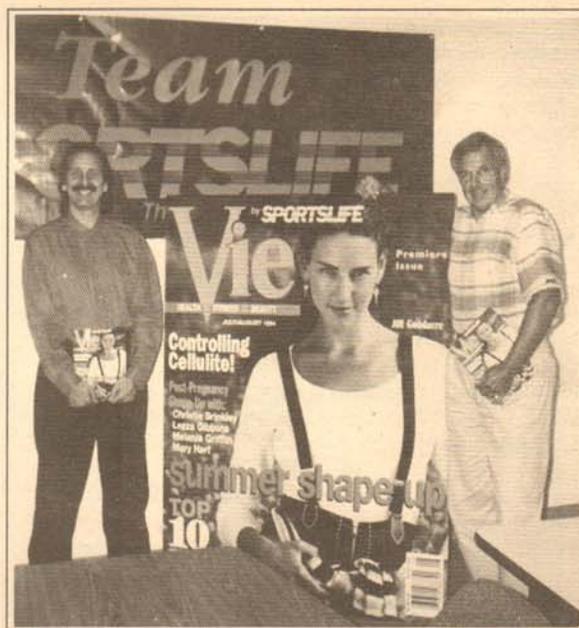
The SportsLife Clubs in Atlanta are owned and operated by Jerry Alles and Lou Off. In partnership with two others, Gary Carleton and George Snyder, they have founded a brand new magazine called "VIE" which is targeting women with an honest forum for fitness professionals to showcase and discuss new innovations, theories and products.

Importantly to club operators, the VIE Magazine distribution plan includes not only newsstands, but will include a multi-media distribution network. The distribution will maximize sat-

uration with a multi-level approach which is designed to bring VIE's message to the greatest possible audience. In addition to newsstand sales, VIE Magazine is also affiliated with quality health clubs to put the magazine directly into the hands of the upscale health and fitness professionals and, in turn, into the hands of their members nationwide. Multi-media plans include production of a companion television show, with Studio 6 Productions in Orlando, Florida. The television show will bring the magazine to life and reach additional market segments. The VIE readers will also have the opportunity to participate in the VIE travel club, with access to custom and unique, fitness, lifestyle vacations all around the

world. VIE is French in origin and is pronounced "vee." It means life. To quote the Editor-in-Chief Lorraine Eastman, "VIE intends to bring you truthful, honest information about fitness. We may be a little unconventional with some of our articles, but face it, conventional fitness tactics aren't working for most people. VIE promises to bring you new, innovative and proven programs that will make a real impact on fitness and your figure. Our articles don't hide behind a lot of medical terms and vague references. We tell it like it is."

By connecting VIE Magazine with other club chains around the country such as the Lifestyle Fitness Centers in the Tampa, Florida area, VIE hopes to be able to provide its readers with excellent information and its club affiliates with a tremendous tool for marketing and retention. Geoffrey Dyer, the President and Owner of the Lifestyle Fitness Centers and a CLUB INSIDER subscriber, is very excited about being involved with his clubs in the VIE Magazine. Some of the



Jerry Alles (L) and Lou Off

benefits to his club include: Increased new membership referrals, member retention, targeted retail sales of apparel and other products and the VIE Magazine, with the local club pages, can take the place of the club newsletter.

The SportsLife guys continue to be leaders in innovation in the Atlanta area. The new VIE Magazine will fit perfectly into their recently announced development of a group of women-only clubs (See VIE page 8)

### INSIDE THE INSIDER

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# THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

The Insider Speaks commentary, "Insider Mail", and Those who wish to ex- phone calls. Don't hold back.  
 reader comments received on our welcome reader editorials and will press their views are encouraged Let the CLUB INSIDER  
 Page will be dedicated to editorial Hotline (1-800-700-2120) or 24 publish them when appropriate. to do so through letters, faxes or publish your view.

## IRSA Hospital Debate A Worthy Cause

By Norm Cates, Jr.

I think John McCarthy has made it clear in his letter shown on this page that the IRSA members should not be concerned with the issue of possible admission of YMCA's, JCC's and municipal clubs into IRSA. I am sure that many IRSA members will be glad to be reassured that this isn't going to happen.

Relative to the admission of hospital-owned clubs (for

profit and non-profit), John has made it clear how he feels in his June 14th letter (shown below) where he states:

"The issue which, for many reasons, now deserves a full and fair airing pertains to hospital clubs with which, as you know, many IRSA members are now managing, joint venturing, etc. There are reasons why it might make sense for IRSA to include these clubs. There are also reasons why it should not. Before any decision is made by the Board, and this is by no means imminent, the membership would (See *Insider Speaks* page 10)

June 14, 1994

Mr. Norm Cates  
 The CLUB INSIDER

Dear Norm,  
 Congratulations on your May issue, which, once again, is a page-turner.

With respect to your article entitled "Is IRSA Expanding to Include Non-Profits?", the issue is quite clear.

IRSA's By-laws state that only clubs which pay property taxes and do not accept tax-deductible contributions for capital or operating costs can be members of the Association. We require every club that joins to attest in writing that they are joining in conformity with this and other By-laws.

No change can be made in these By-laws unless the change is voted by the Board and ratified by the membership. No change is even to be considered without wide input from the membership.

Given the history of the Association, (and given, too, the fact that the YMCA's, JCC's and Parks and Recs have their own organizations comparable to IRSA), it is unlikely that the Board would entertain a motion to bring Y's, J's and Parks and Rec's into the Association. And, in the unlikely event that such a motion were approved, it is — at least in the present climate - equally unlikely that it would be accepted by the Y, etc.

The issue which pertains, for many reasons, now deserves a full and fair airing pertains to hospital clubs with which, as you know, many IRSA members are now managing, joint venturing, etc.

There are reasons why it might make sense for IRSA to include these clubs. There are also reasons why it should not. Before any decision is made by the Board, and this is by no means imminent, the membership would have to be contacted for their opinions.

Regards,  
 John McCarthy  
 Executive Director

(Excerpts from Kim Fuller's letter)

May 1, 1994

IRSA- Board of Directors  
 RE: HOSPITAL BASED FITNESS CENTERS AND 501(c)(3)'s

Dear Board:

At the last IRSA convention in Reno, I attended the session regarding hospital-based fitness centers presented by Tom Rhind. In his session, Mr. Rhind described his center in detail and I asked specific questions about the legal status of his center. Although I will describe the details I heard, if I'm in error, please confirm all information with Mr. Rhind and let me know if I'm incorrect. It is not my intention to raise an issue if my interpretation of the facts are wrong.

Mr. Rhind described a center that is a "for profit corporation" that is a subsidiary of a Hospital Foundation. He further described that one of the major reasons for pursuing this Center was for profitability. I asked Mr. Rhind if the Hospital Foundation was a 501 (c)(3), and his response was "Yes." I then asked Mr. Rhind how this Center was capitalized. He said that the Foundation built the facility (about \$10 million) and that the "for profit corporation" now runs the facility. Consequently, the Center pays a debt service to the Foundation and the Center does pay taxes.

The major difference between a 501 (c)(3) and all the others is that a 501(c)(3) may receive tax-deductible donations and pays no taxes what-so-ever. Only a 501(c)(3) or government agency has this special privilege.

The threat to "for profit clubs" comes from 501(c)(3) charities and government agencies. Mr. Rhind's fitness Center was capitalized with tax-deductible donations from a 501(c)(3) Foundation. The fact that a "for profit corporation" now runs the center is irrelevant since this facility was capitalized with tax-deductible money from a 501(c)(3). The fact that Mr. Rhind's center pays a debt service to the Foundation is simply the Foundation paying itself back since the "for profit corporation" is a subsidiary of the Foundation. Why is Mr. Rhind's fitness facility a member of IRSA, since his facility violates IRSA's By-laws?

I would now ask what is the goal or mission of IRSA? As stated by John McCarthy in his opening address at Reno, "To enhance the profitability of its member clubs." In the first paragraph of IRSA's membership application it states: "Membership in IRSA, The Association of Quality Clubs, is open to fitness, racquet and athletic facilities which pay property taxes and do not accept tax-deductible contributions for capital or operating costs..." These statements are consistent with John McCarthy's statement that IRSA exists to enhance profitability of member clubs. As a result, by definition, a 501(c)(3) cannot join IRSA because it would violate this mission statement and its own By-laws.

Many of us joined IRSA knowing that IRSA was an Association of "for profit clubs" and that IRSA's position and much of its motivations were to enhance and strengthen and protect "for profit clubs" in a private enterprise system. Consequently, IRSA established "The Fund" to help fight unfair competition from non-profit charities that misused their 501(3)(c) charitable status to compete in the market place of "for profit clubs."

A conflict of interest seems to be growing in that IRSA funds unfair competition fights all over the country and then has a 501(c)(3) subsidiary presenting at the IRSA convention and joining the Association. How is IRSA going to deny admission to the subsidiaries of YMCA's, JCC's or Parks and Rec's? These groups should not be allowed to join an Association of members to "enhance profitability" by simply establishing a subsidiary.

I would request that Mr. Rhind's fitness center and all others like it which are currently members of IRSA be investigated and if they have violated the by-laws for admission, that their membership in IRSA be revoked. I would further request the Board be more specific and state in writing that no 501(c)(3) and their subsidiaries, or government agencies and their subsidiaries be allowed to join.

I have personally contributed much time and over \$50,000 to help fight unfair competition. I have appreciated IRSA's help in the past. I would simply ask that IRSA clarify and maintain it's original mission and goal: "to enhance profitability of member clubs." If you would like my help or input on this matter, I would be more than willing to meet with the Board or IRSA Staff.

Please call me if you have questions and I would like a response from the Board as to its decision and the outcome of Mr. Rhind's facility as an IRSA member.

Thank you,  
 Kim Fuller  
 General Manager  
 Livermore Valley Tennis Club

# • Norm's Notes •

**STEVE WILD**, owner of The Libertyville Tennis Club, Libertyville, Ill., is taking a very strong position against the non-profit competition in his area by converting one of his indoor tennis courts to a new fitness facility. He estimates that his conversion and renovation project will cost \$500,000. Good luck on the project Steve !

**TOM JONES** publishes The Squash News which is a publication dedicated to squash players. The Squash News has a circulation of 12,000 and is available for \$20 per year by writing to: Squash News, 186 Arcadia Rd., Hope Valley, Rhode Island, 02832.

The New World Fitness IDEA Conference attracted over 4,000 people recently in Las Vegas. Attendees showed up from 68 countries.

My Sincere Apologies for misspelling the name of **MICHAEL LEVY**, the President of Sports Clubs of Canada in last month's **CLUB INSIDER**.

IRSA's 9th Annual Marketing and Sales Conference and the 3rd Annual IRSA/ATHLETIC BUSINESS Trade Show will be held November 30 thru December 3, 1994, in Orlando, Florida. The event will be headquartered at The Walt Disney World Swan Hotel. If you aren't a member of IRSA and you

operate a for-profit club, you ought to join by calling (800) 228-4772. To register at the hotel, call (800) 248-7926.

The **SPORTSLIFE CLUBS** in Atlanta have announced that they will open their first **LADY SPORTSLIFE Club** in North Atlanta. The first facility will be a renovation of a Service Merchandise store, providing a 15,000 square-foot ultra state of the art facility. **BILLY ROBINSON** will be the General Manager of the first location. The **SPORTSLIFE** chain of six Atlanta clubs is owned and operated by **JERRY ALLES AND LOU OFF**. The new focus by **SPORTSLIFE** on women is also reflected by their introduction this month of their **VIE Magazine**, a slick bi-monthly magazine which focuses on health and beauty for women.

**CLUB INDUSTRY MAGAZINE** was acquired by Cardinal Media about a year ago along with the **CLUB INDUSTRY TRADE SHOW** and the **Rehabilitation Today Magazine**. Recently, Cardinal Media folded **Rehabilitation Today** to concentrate on their other efforts. I personally think that **CLUB INDUSTRY Magazine** is better now that Tom Morgan is the Publisher. I wish him well as he continues to improve the publication.

**RICK CARO** reports that the newly reincarnated **IRSA Institute**, held at the Lake Forest College, in Lake Forest, Illinois in early June was a huge success. Over 60 students from 8 countries paid \$1100 each for tuition, room and board for a week of intensive training on various club topics. The one-week program was co-sponsored by **CHECKFREE/RCM Systems** and **LIFE FITNESS** and attracted attendees from Australia, Belgium, Canada, Costa Rica, Germany, Norway and the U.S. The return of the **IRSA Institute** was a good move, long over due.

**LARRY KRIEGER**, the head man for **NUTRASWEET** chain of **WellBridge Centers** and outgoing President of **IRSA (IHRSA)**, tells me that by the time this issue goes to press, the ink should be dry on **WellBridge's** latest club purchase, the **Le Pli Club**, located in Cambridge, Massachusetts. This brings the number of clubs acquired in the Boston area by **NUTRASWEET** to four. Larry says he will have three major renovation projects going on at the same time as they remake the two Boston Health and Swim Clubs and **Le Pli** into the **WellBridge** format. Good luck Larry and **WELLBRIDGE !**

**JAMES ANNESI**, Ph.D., is the director of a program called **MAP - Member Adherence Pro-**

gram. The **MAP** is a new technology created to respond to the need for increased member retention and effective staff utilization. The **MAP** program combines in a practical way, ingredients proven to increase retention. Be sure to read the article in this month's **CLUB INSIDER** entitled: "Programming Individual Profiles....A Key To Retention."

**ARTHUR JONES**, the inventor of **Nautilus** and now chairman of **Med-X** will speak at the **First Annual LIFE STYLE Symposium** to be held in Las Vegas, at the **Tropicana Hotel** on August 23- 25, 1994. The title of his presentation is: **The Past, The Present and the Future of the Fitness Industry**. If you have never met Arthur Jones or heard him speak, then you are in for a treat if you can attend this conference. To quote the **National Fitness Trade Show** information flyer: "Arthur's direct approach will challenge your intellect, arouse your emotions and motivate you to ask questions." Arthur Jones is truly one of the most amazing and interesting human beings on this planet and this speech ought to be an event to remember!

**CECIL SPEARMAN** has merged two of his **Women's Clubs** in San Diego into one location. The two locations are about six miles apart and Cecil is giving

his members several options including transfer of their membership to two other **Women's Clubs** or refunds where appropriate.

**VENDORS UNHAPPY?** Sources tell me that the companies who support and supply the big Trade Shows such as **IRSA** and **CLUB INDUSTRY** are now beginning to look at their results from those trade shows and asking themselves **WHY?** Why should they spend the money that they are being asked to spend for booth space when the sales don't come in to match or even equal their costs for being there? One supplier tells me that it costs his company about \$4,000 per space to attend a major show and he has usually taken six to eight booth spaces. Maybe there is a "shake-out" coming from suppliers who will decide to seek their new business another way. Maybe **IRSA** and **CLUB INDUSTRY** better take a close look at their trade show pricing to see if there is a way they can keep these vendors happy and on board!

**CALIFORNIA BASED TCMA** (Tennis Club Management Association) is very concerned about the actions of **IRSA** as indicated by their most recent **TCMA Newsletter** which states: "Most distressful to us is the emphasis on hospital - based clubs (See *Norm's Notes* page 8)

## ...IHRSA

*continued from cover*

**Exercere** had won the vote 60%-40%. **Krieger** and **McCarthy** met six weeks before the **IRSA Reno Convention** and decided that it would be a good idea to have a meeting of all interested **IRSA** members at the **Reno Convention** to discuss the name change before proceeding any further. A week later, **Warren Wertheimer** called and proposed the same idea to them. The meeting was set and about 300 people attended at 8:30 on a busy **Reno IRSA Convention Friday** night. **Larry Krieger** presided over the meeting, telling everyone up front that he and the Board were there to listen and listen they did! Forty people spoke their mind about the name change and other issues. Of those that spoke of the name change, most were against the name

change. But, almost all of those opposed to **Exercere** were in favor of the idea of changing the name.

A quick poll of some of the **IRSA** members who had opposed **Exercere** shows that this change to **The International Health, Racquet and Sportsclub Association** will be well received because it is inclusive, descriptive and retains the built-up equity in the name **IRSA**. When people in your club are giving a tour and want to talk about the reciprocal membership program, they can say: "Our club is a member of **IHRSA - The International Health, Racquet and Sportsclub Association** which provides you with reciprocal membership privileges at other excellent clubs around the world when you travel!"

**THE UNITY** of **IRSA** should be solidified by this move and I applaud **Larry Krieger** and his Board of Directors for being reasonable and open to the

opposition's viewpoint on this very important matter. **Larry Krieger** and his Board of Directors showed what **TRUE LEADERSHIP** is all about by taking the necessary time to listen and to respond to what they had heard from their constituents. They deserve thanks for what they have done, which is to preserve the hard work and investment of time, energy and money that the members have made to make **IRSA** what it is today, while at the same time, positioning the Association to grow within the health and fitness club world. Pending a legal search on the new name availability, **IRSA** members will again be asked to vote to ratify the change. I'll bet that this new name will be overwhelmingly supported by the **IRSA** membership. I urge **IRSA** members to **VOTE YES** and support **The International Health, Racquet and Sportsclub Association!** (**IHRSA!**)

Norm Cates'

## THE Club Insider

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# Attacking Hidden Expenses

By Rick Caro

What is the ideal place to save on club expenses? Any category where the total savings all flow to the bottom line and where the member never sees any change in the club's operation. Furthermore, if the above situation occurred with a state-mandated expense, that is a world-class win for the club.

would not solve this surprising dilemma, the club paid it reluctantly.

But, much worse, the insurance company then imposed a much higher deposit based on the new audit. So, within 90 days of the audit, the club paid both the \$8,000 overage for the audit and an extra \$6,000 in advanced deposits for the current year. All staff and owners were incredulous at this \$14,000 negative swing.

**Scenario #2:** One year later, the same club had a total workers' compensation premium - with the same insurance company and with \$75,000 more in total annual payroll - of only \$6,500. The only difference was that the club's ownership hired a consultant intimately familiar with both the club industry and that state's workers' compensation regulations. The \$7,500 savings went straight to the bottom line along with much reduced advanced deposits on future years.

Each state governs its own workers' compensation policies and procedures. In some states, there are a variety of categories for clubs - Tennis Clubs, Racquetball Clubs, Tennis Clubs N.O.C. (Not otherwise covered), YMCA's, Country Clubs, Exercise/Fitness Institutes, etc. Clubs need to know the categories and the definitions of each.

In New York State, there was no category for a tennis or racquetball club until two years ago. Instead, such racquet-sport and multi-sport clubs were placed in the AmusementPark/Recreation category. Imagine the frequency of employee injuries with those mechanics and handymen working on parts for ferris wheels and roller coasters. The rate amounted to 10.9% of total payroll. The immediate lesson was to learn how to get permission to classify as many club employees as possible in other categories which would cost less. The long-run solution was to go to the State Workers' Compensation Rating Board and create a new category. That happened to take 5 1/2 years, but it got created.

## VARIETY OF CLASSIFICATIONS

The goal was to properly place as many categories of club employees in other classifi-

cations and pay for them at lower rates. Some of the categories used were:

- Clerical
- Executive
- Sales
- Child Care
- Restaurant/Bar
- Retail

The prevailing rigorous jobs in a club-fitness and aerobic instructors, tennis/racquetball/squash pros, maintenance (house-keeping and repairs)-all fell under the main category (Amusement Parks). However, the club was able to shift the others successfully. Bookkeeping, computer operators, member processing, front desk, member service, programming/activities, etc. all fell under Clericals. All department heads and above were placed in Executive. Pro shop was under Retail. Sales staff went under Sales one year and then moved to Clericals next.

The advantage was overwhelming. A staff member classified under the Amusement Park category cost the club 10.9%, while a Clerical cost .6%. The savings on \$100,000 of payroll in a simple re-classification was \$10,300. The savings on \$300,000 in actual shifting for this club was \$30,900.

The preparation was substantial for the audit to be successful. All of the main categories of jobs were summarized into a 4-line job description. Then, each job was put in the relevant workers' compensation category (e.g. Clerical, Child Care, Executive, Amusement Park, etc.) and was given a code letter ("A" or "B" or "C" etc.) A separate list was prepared of each individual employed over the course of the year with his name, code letter (for his classification) and for his gross earnings. At no time did the auditor need to go through the detailed records of each payroll period or each employee's wage history.

The first year of this audit, the insurance auditor wanted to interview a sample of employees to verify the accuracy of the classification of their positions. Since most were involved in the creation of their 4-line job description, they were comfortable in meeting with the auditor and confirming the accuracy of those descriptions.

The other area of savings in the workers' compensation area is the insistence that all inde-

pendent contractors buy their own insurance. Technically, clubs pay tennis pros, personal trainers, aerobic instructors, massage therapists and a host of others as independent contractors. In most cases, many of those who are being paid as independent contractors do not qualify for this status and should instead be paid as employees. If they did qualify, they must buy their own workers' compensation insurance and provide a certificate of coverage to the club. If the auditor sees such a certificate, he will not hold the club accountable. Without it, he will bill the club.

Workers' compensation is really one of those hidden costs which the club can impact and achieve some real savings.



Caro

(Rick Caro is President of Management Vision, Inc., a consulting company to clubs and an acknowledged expert in club finances, operations, valuations and sales. Management Vision, Inc. can be contacted at (800) 778-4411.)

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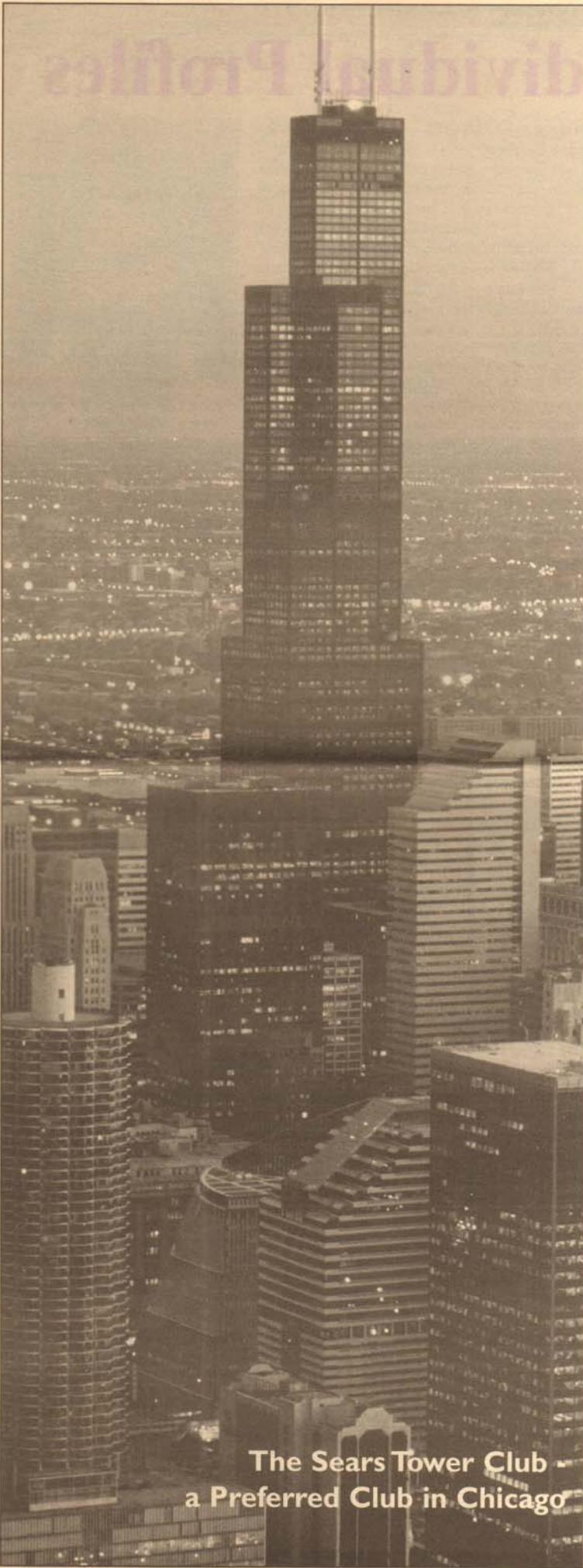
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**Scenario #1:** A club has an annual workers' compensation audit scheduled. The club's bookkeeper is told by the General Manager to turn over all payroll records to the club's outside accountant. The audit takes place at the accountant's office and about 6 weeks later, the club receives an audit bill of \$14,000. So, the club owes another \$8,000 beyond what it had already deposited. The insurance company refused any payment terms: so the club had to pay the extra \$8,000 within 30 days after the bill was received. Since switching insurance companies



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# Programming Individual Profiles

By Jim Annesi, Ph.D.

**R**etention is the elusive problem. All of America knows exercise is important. We present facilities that are comfortable, convenient, staffed with personnel knowledgeable about the processes required for good fitness. Why then, do we have problems keeping half of our members over one year?

The answer can be quite complex. Since exercise psychology still battles with theories concerning why people start exercising, a thorough analysis of retention or "exercise adherence" is definitely a bit down the road at best. We can however, learn from what is known.

Experimentally developed methods are now able to predict adherence/ dropout from an exercise program with 80-92% accuracy. This can be done through short psychological tests assessing various self-motivational factors. Taken together with specific physiological measures, a very useful profile is possible for us.

Also, through experimental research, various specific strategies have demonstrated usefulness for enhancing retention. For instance, partializing and formally contracting to a discrete, goal (such as the loss of 3 pounds in two weeks, rather than 50 pounds "as soon as possible") alone has enhanced adherence in several studies.

Strategies such as relapse prevention training (where a client is trained to prepare for various "slips in their exercise schedule) have also proven useful. Training the client in techniques such as relaxation, visualization and dissociation effectively has reduced the undesirable pairing of discomfort with the exercise experience. For the "at risk" client, exercise is discomfort. No matter how many incentive programs are run, how friendly staff is, or how attractive the facility appears, you've lost a member when discomfort is associated with entering your club. Believe me, it is not usually "lack of time", as you are told during exit interviews, causing dropout.

How then, can we use this ability to assess the propensity to dropout and knowledge of exercising and feeling good about coming to our facilities? The answer is, in my opinion, in a very systematic, but flexible approach.

In my development of MAP (Member Adherence Program) I used a cognitive/behavioral

perspective based on my own areas of training and expertise. According to this perspective, exercise is viewed as a behavior set not unlike any of the hundreds of classes of behaviors a person undertakes in a day or week. When a behavior is followed by a reinforcer (an event perceived as a positive), the likelihood that the behavior will occur under similar conditions goes up. When a behavior is followed by a punisher (an event perceived as a negative), the likelihood goes down. It is the alteration of the exercise environment that allows us control over the exercise behaviors' consequences. Thus, control over exercise frequency is possible to the extent that we can identify and control the correct variables. As we all know too well, when exercise frequency drops below a minimal point, dropout occurs (from "nonuse").

It is the bringing of exercise behavior to an acceptable level of occurrence and the reinforcing of staff, the exercise setting, and the member himself or herself that facilitates the ultimate goal — exercise as a habit, you have him or her long-term.

Based on the model I have just described, allow me to let you in on some of the specifics that you as an owner/administrator are capable of acting on in a systematic way to raise retention.

**Assessment.** Members should be classified according to their self-motivational level. Every prescription, to "comfort-zone" training, to follow-ups must flow from this psychological profile. Research repeatedly proves that an intuitive approach fails to identify the likeliness to dropout. Scientific, psychological measures must be used for "at-risk" assessment or program design and follow-up become little more than guesswork.

**Exercise Prescription.** Based on a psychological profile as just described, the exercise prescription process should begin. Many quality facilities use a set schedule for setting prescription time (e.g., 3 days after sign-up). They are incorrectly assuming all members are equal. If an at-risk member is given a physiologically-accurate prescription to lose 50 pounds "soon"; due to its intensity alone, he/she is set up for failure. We must realize that when joining a club, clients are often at their unusually highest level of motivation. When they fall back to their normal level (which may be quite

low), discomfort runs the risk of taking over in reaction to a high effort program. When that happens, you lose them for sure.

High-risk members must:

1) Have their prescription deferred until they fall back to their average levels of motivation (4 to 6 weeks); (general orientations are best until then).

2) Have goals partialized and negotiated upon to set up for success.

3) Be trained to self-reinforce small examples of progress (such as completing a workout or an additional minute on the treadmill) and

4) Have a prescription developed that is exhilarating rather than uncomfortable.

A member testing higher in self-motivation is more persistent. Since muscle soreness or fatigue is not likely to affect them adversely, the prescriptions/goal setting appointment can be sooner and more intense with this profile.

We use another brief psychological instrument to cross-check the accuracy of the prescription when completed. If the scores move in the predicted direction post-workout, as compared to pre-workout (indicating comfort), the prescription was accurate. If not, a change is made. This test accounts for the fact that one person's enthusiastic challenge is another's pain and discomfort.

**Follow - Up.** After accurately profiling the individual, negotiating goals, setting a manageable exercise prescription, and preparing a scheme for tracking and self-reinforcement, all is not done. After the pro-active work have been completed, reactive strategies should be in reserve. Problems slip through the best of systems. If tracking indicates a drop-off in facility usage, a less demanding schedule should be negotiated upon immediately, again, setting the client up for success.

Although trainers cannot be psychologists, I have been very impressed by these physiologically schooled professionals ability to gain helping skills with just short amounts of training. As they help the member experiencing exercise-based discomfort with skills such as breath control, deep muscle relaxation and pleasant imagery, the threat of discomfort eliminating their exercise behavior is lessened. As a positive sensation overtakes the discomfort, less and less intervention is needed. The final result— THE EXERCISE

HABIT — a long term member.

With some thoughtful effort, a great impact can be made on retention rates. The dependence on the quick-fix must be countered, however. With a systematic program that is sensitive to individual variations; accurate prescriptions; effective tracking; appropriate, frequent reinforcement; and useful follow-up processes, retention can be impacted upon greatly. Only with such a well-planned, multi-phase program may we end "preaching to the converted" and begin focusing our attention on the identified at-risk client. These certainly are the ones that will effect retention rates in a most positive way.

(Dr. Jim Annesi is the director of Enhanced Perform-



Annesi

ance Technologies, a Woodbridge, N.J. based sport/exercise psychology consulting firm. He developed MAP (Member Adherence Program) for release in the U.S. in Summer, 1994. To reach Jim call: (908) 636-4183.)



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# Women's Only Club's Coming On Strong!

By Norm Cates, Jr.

There was a time when women's only clubs in America were a major force in the health and fitness industry. However, for whatever reasons, some American chains of women's only clubs folded, leaving many members holding a worthless membership card. A good example was when the Elaine Powers chain of 9 Atlanta women only clubs closed overnight a few years ago.

There now is in motion, a resurgence in women's only clubs. The recent announcement in California that the beautiful and popular Linda Evans has become a partner in a chain of clubs now called The Linda Evans Fitness Centers, is a good example. Another good example is Atlanta's SportsLife Clubs, a powerful chain of six locations, has recently announced the establishment of "Lady SportsLife" clubs to fill a market need.

Fitness Center added a luxurious "Day Spa" to the facility. The Day Spa offers a full range of pampering services for women such as facials, massage and manicures. The "Day Spa" is already making a profit, plus it is contributing to new membership sales with its store front access in the mall where the club is located.

The Women's Club Fitness Center and Day Spa, through Mary Jo Frenda's leadership and direction, has carved a very distinct niche in the market. Mary Jo, a club industry veteran of 16 years, cites "a culture where we really care" as the key to the club's success. Explaining, she cites the effort that she and her staff make to "really listen" to the needs and wants of her members. By caring and listening and then acting to satisfy her members, Mary Jo has developed a team that is making the club highly successful. Her staff members love what they do and that love is passed on to the members.

veterans Mark Golub (CEO), Tom Gergley (President) and Mark Mastrov (founder and owner of 24 Hours Nautilus) who will be a partner in the Bay Area clubs only.

The new company currently owns and operates five Bay area centers with very ambitious plans for the addition of many more in the Bay Area. They are developing other major U.S. markets by seeking relationships with already established club operators who want to expand into the women's-only market. Club operators can become involved with the Linda Evans Fitness Centers through a franchise or partnership agreement.

Linda Evans decided to get involved in the fitness industry because she has a firm belief that women ages 30 to 60 have yet to be provided with a program that satisfies the needs of women as they grow old. The focus of The Linda Evans Fitness Centers will be a "high touch" concept where women receive a lot of support in the form of proper initial training, nutritional programs and lecture series intended to further their health education. The objective is to provide a non-intimidating environment where a woman will feel comfortable working out without make-up or a fancy outfit. The very young and very fit women will be welcomed of course, but the focus will be on attracting women who have never joined a health club because they have been too busy with other things in their

(See *Women's Clubs* page 9)

## MARY JO FREENDA AND THE WOMEN'S CLUB FITNESS CENTER AND DAY SPA

## LINDA EVANS JOINS THE CLUB INDUSTRY

An excellent example of a highly successful women's only club is The Women's Club Fitness Center and Day Spa, located in Rolling Meadows, Illinois, a Chicago suburb. Mary Jo Frenda is the General Manager of this six year old, 25,000 square foot club for ladies only. The club has annual sales of \$1.6 million with profits on that revenue in double digits. The Women's Club Fitness Center has an excellent mix of facilities and services which make it "the place for women" in its market. Within the confines of the facility is an indoor swimming pool, weight rooms with free weights, a line of Cybex "Lite Line" machines sized for women, a Sprint circuit, locker rooms with steam, whirlpool and sauna combined with a full line of locker-room amenities, an 1/16th mile indoor track, two aerobic studios and a large, 60 machine cardiovascular room with "tune and view" T.V.'s. The second floor of the facility has a conference room where weight loss support programs are provided as well as other educational seminars. Six months ago, The Women's Club

A great addition to our industry is Linda Evans, who starred in the highly successful "Dynasty" television series. It was recently announced that Linda has become a partner in a chain of San Francisco Bay Area ladies only clubs called The LINDA EVANS FITNESS CENTERS. Her partners are industry

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# • Product Announcement • SKY-WALKER

Sport Specific of America, Inc. has been founded by a Canadian Public corporation, Sport Specific International, Inc. to market breakthrough full-body aerobic exercise products. \$4 million was raised in the initial round of capitalization on the Alberta Stock Exchange and will

be used to establish administration, sales, marketing and manufacturing operations for SSA's first product - the Sky Walker.

The Sky-Walker, scheduled for introduction at the Club Industry convention and trade show in Chicago in October, is a sophisticated low-impact walking machine, designed to capitalize on

the immense popularity of walking exercise sweeping commercial and consumer fitness markets.

Lee Guthrie, a club industry veteran with experience as the top sales director for both Life Fitness and Nautilus Sports/Medical Industries, will serve as President and Chief Executive Officer of SSA. John Haden will serve as Executive

Vice President and Chief Operating Officer. The company will manage distribution from Haden's long established commercial equipment sales headquarters in Dallas, Texas. SSA will use distributors instead of operating a costly field sales force as others do. The savings from this method of operation will be applied to

product research and development and after-sale support.

The Sky Walker will sell for \$1295 for the home model and \$2195 for the commercial version. For additional information: (800) 405-9255(WALK).

## Norm's Notes

*continued from page 3*

and the importance of being affiliated with a group of clubs that allow hospitals to use their clubs. Hospital-based clubs directly compete with our clubs and they have an unfair advantage, like the YMCA's, in that they are subsidi-

dized. They do not have to worry about expenses that most of our clubs deal with on a daily basis. IRSA is endorsing, no embracing, what they call the "new wave in health clubs." Our final concern is that IRSA should have communicated this approach to the Association's membership in order to obtain feedback. However, they have demonstrated a lack of interest in

West Coast opinions. Upon reflection, the TCMA Board of Directors is reevaluating our relationship with IRSA. We are making every attempt to get involved, make our needs, opinions and criticisms known and anticipate attention to this matter by the IRSA Board. Your input is both needed and welcome."

Here are some comments from the CLUB INSIDER. First, I hear you. John McCarthy hears you. And, the IRSA Board hears you. Please realize that John McCarthy is probably the world's best expert on this subject and he feels it is now time to air it out amongst all IRSA Members. (See editorial entitled IRSA HOSPITAL DEBATE.... A WORTHY CAUSE.) Please also realize that the IRSA communication path to air your concerns. As to whether West Coast opinion is important or not, I would

simply refer you to the recent results of the EXERCERE OPPOSITION which was led by Californians! You count greatly and they care, believe me!

NACA is holding its Annual Conference and Trade Show at the beautiful resort in Bend, Oregon called The Inn of the Seventh Mountain on July 17-20th. This is a super conference which this year features Keynote Speakers **BRIAN TRACEY, DR. GERRY FAUST, JOHN MCCARTHY, DR. JAMES BILL PEARL** and **DON ESSIG**.

WAC is holding its 2nd Annual Conference and Trade Show at the Radisson Hotel Denver in Denver, Colorado on August 11 - 13th. Both the NACA and WAC Conferences offer excellent learning opportunities for club professionals.

The CITY ATHLETIC CLUB in Atlanta has contracted with Avia to come in and remodel the club with an Avia product marketing format and to infuse capital into the club to support programs, Avia wants to be ready for the Olympics of 1996 as they have inked a deal which runs through December, 1996.

**SPIKE GONZALES** has started his own consulting firm which specializes in Programming, Staff Development and Marketing. Spike goes on his own after spending 10 years on the Executive Committee of Tennis Corporation of America. Spike can be reached at (716) 461-0148. Having worked with Spike back in 1981, I can tell you he is really good at what he does!

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## Atlanta 1996 Olympics

A recent survey indicates that 1.3 million Atlantans plan to attend the Olympic Games in 1996. Another national survey shows that 22 million Americans want to come to Atlanta to the Games.

There will be a record setting 11 million tickets - more than the Los Angeles and Barcelona Olympics combined! But, even with this record supply of tickets, Olympic officials predict that the competition for the best events will

be fierce. The chances of getting tickets to the Opening Ceremony, where nearly half the seats will be taken by VIP's, athletes and the media and corporate sponsors - are only slightly better than your chances of winning the Georgia Lottery.

The prices for the tickets to various Olympic events will range from a low of \$15 up to \$600!

In the Spring of 1995, millions of brochures for ticket orders will be distributed around

the country. The sooner you mail in your order form, the better. If you are thinking of coming on over without tickets you will most likely be able to score some of them, but don't expect to get into the Opening Ceremony without a major bankroll if the recent Atlanta Super Bowl is any indication. Tickets for the Super Bowl were selling on game day for between \$1500 and \$5,000 and I expect the scalpers will be in Atlanta in full force for the Olympics.

### ...VIE

*continued from cover*

called "Lady Sportslife." If you own and operate a group of clubs in

a major U.S. market, you may be interested in knowing how to involve your clubs in the new VIE Magazine. If so, call VIE Magazine at (404) 984-0031. If you want to subscribe, send \$18 to:

VIE Magazine- 7512 Dr. Phillips Blvd., Suite 50-310, Orlando, Florida, 32819. Be sure to tell them that you read about VIE Magazine in The CLUB INSIDER!

## SPECIAL THANKS!

I want to extend my special thanks to each of you who have helped us by purchasing additional subscriptions and completing our satisfaction survey. Your help and support is sincerely appreciated.

Sincerely,  
Norm Cates, Jr.

# • BALLY WATCH •

By Norm Cates, Jr.

Checking in with the Federal Trade Commission in Washington, I've learned that the Consent Decree which Bally had agreed to, which would provide refunds and corrections to the credit report of thousands of people, was signed by the Judge on April 18, 1994. (See April CLUB INSIDER).

Bally then was required to mail a letter to all people who had tried to cancel memberships and were denied their rights by Bally. The letter told the individual that they had 90 days to write to Bally to obtain a refund claim form. The list, which was from Bally's own records, contained 63,778 names of people who had tried and were denied their rights to cancel membership purchases within the State law dictated cooling off period. Additionally, the

Federal Trade Commission turned over to Bally a list of 4,000 names of people who had contacted them after the Federal Trade Commission announcement of the consent decree.

The consumers on the lists have 90 days from receipt of the refund request form to complete and return the form. Bally's then has another 90 days to process and provide the refund.

This Federal Trade Commission action is another of a long

line of legal battles that Bally has been fighting over the last couple of years. This particular settlement is significant and will include refunds and credit repairs for those who have had their credit reports damaged by Bally after making an attempt to cancel within the period prescribed by law.

The recent announcement by Bally's Chairman, Arthur Goldberg that he plans to "spin off" the Bally clubs and get

Bally out of the health club industry came about one month after The CLUB INSIDER sent a letter to Goldberg suggesting that he do just that. Get Bally's out of the health club industry.

Is it coincidence that this happened after our complaints? I don't know.

What I do know is that it is happening and that is good. Stay tuned to The CLUB INSIDER for future "BallyWatch" updates.

## Women's Clubs

continued from page 7

lives such as children, husbands or careers.

According to Mark Golob, The Linda Evans Fitness Centers will also be targeting the 33 billion dollar weight loss industry which is losing business

left and right. The clientele of the weight loss industry is about 95% women, according to Golob and he aims to hit that market hard with the Linda Evans chain. With seasoned

veterans like Mastrov, Golob and Gergley involved with a focused woman like Linda Evans, my bet is that The Linda Evans Fitness Centers will do well. If you

operate a chain of clubs in a major market and are interested in investigating a partnership or franchise arrangement, call Mark Golob or Tom Gergley at 510-866-5049.

# Why Make It Fun?

By Norm Cates, Jr.

If you have been reading The CLUB INSIDER for a while, you may have noticed my little advertisements announcing MAKE IT FUN! If you have seen them, have you wondered why they were in The CLUB INSIDER and what was the message I was trying to convey?

My MAKE IT FUN advertisements have been an effort on my part to help refocus the attention on what the club business should be all about. Over the last 5 to 10 years, I've been concerned because I've seen the intense focus on exercise and fitness in clubs replace the old focus on fun. The true club has a mix of fitness and exercise combined with programs and activities, delivered in a WARM, CHEERFUL AND LOVING SETTING. So, my refocus on MAKING IT FUN is intended to encourage those of you who are putting all of your eggs into the exercise and fitness basket to take a look at your club. Examine how you can introduce activities and programs for your members that will keep them coming. Because if they are having FUN with their friends at the club, they will keep on coming and they will tell many others about their club.

Warren Wertheimer is one club operator who has made fun, caring, service and yes, LOVE, all important ingredients in his club mix.

Look for our CLUB CASE STUDY on Warren's Rolling Hills Club in Novato, California in the near future. We are going to go INSIDE his organization to examine the team and the mindset behind the club's success and we will share the keys to his club's success with you.

I recently read an article published in the June CLUB INDUSTRY Magazine written by Spike Gonzales, the President of AD-In Club Management. In his article, Spike makes a case for the renaissance of tennis, squash and racquetball in clubs as people with "fitness fanaticism" begin to age and lose the drive to come to the gym. He believes, and I agree with Spike, that these baby boomers, as they grow older, will be looking for activities for fun, healthful and more extensive consumption of their time. He believes that "racquet sports will fill the bill."

John McCarthy, the Executive Director of IRSA, quoted the late George Sheehan, who said: "Human beings will not continue for long to do anything, no matter how good it is for them, unless it is social, unless it is entertaining, unless it is fun."

Dick Trant, the owner of the highly successful Weston Racquet Club in Waltham, Massachusetts includes bridge nights for his members and he has installed another very social

game..... croquet for his members. Dick Trant has spent 29 years in his club perfecting the art of retention and he is one of the club industries' masters at it.

The people at Frog's, the Solana Beach, California health club with a fun attitude, have really got the right idea. The Frog's CEO, Roger Bates, is a former Navy Seal who has been quoted as saying: "Nobody here takes themselves terribly seriously. There are earthquakes, there are famines, there are very serious things taking place in the world.... but the club business, as far as we're concerned, isn't one of them. We view our club as a sort of neighborhood, family-fun zone." (CBI Magazine-March, 1994). Bates' Frog's club has used a combination of humor and very off-beat, creative writing to position the club as a place for FUN first and a place to work out second. The Frog's club opened with 1200 pre-sold memberships. The club produced gross revenues of \$1.5 million generated in 16,000 square feet! These numbers are proof positive that FUN sells!

When was the last time you had a club member appreciation party? Or a picnic or softball game? Do you have regularly scheduled FUN activities and events that your members can look forward to? The calendar is full of opportunities for FUN PROGRAMMING.... all you need is a little imagination and the desire to do it. So, just do it!

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**MAKE IT FUN!**

# Club Insider

continued from page 8

have to be contacted for their opinions."

Kim Fuller, the owner/operating partner of the Livermore Valley Tennis Club in Livermore, California, has stated his concerns and objections in a three page letter to the IRSA Board. (Excerpts from his letter are shown on page 2.) I received another letter from Steve Wild, owner of The Libertyville Tennis Club in Libertyville, Illinois, making virtually the same points. I can certainly see their point of view. They are concerned about the admission into IRSA of health clubs which are owned by a 501 (c)3 charity supported hospitals. I can also see John McCarthy's point of view. John points out that about 1/2 of the hospitals in America are tax paying and for profit and

therefore, should they seek admission into IRSA, they would be eligible according to IRSA By-Laws. The other half, the charity supported non-profit hospitals, are just as interested in the health club industry as the non-profit hospitals are. Therefore, the dilemma of whether to hold the line on IRSA's admission policies presents itself due to the longstanding position that IRSA has taken relative to the admission of any non-profit, non-tax paying clubs into IRSA. John has pointed out that the situation with the potential admission of non-profit, charity supported hospitals needs to be examined carefully by the IRSA membership for a number of reasons.

Relative to hospital health clubs, (for profit and non-profit), McCarthy points out two significant facts:

Fact #1 - Hospitals hold a status in American communities

which is superior to health clubs in the areas of: "image equity, the potential for referrals, third-party reimbursements, community health programs, Senior market penetration and corporate subsidization."

Fact #2: A lot of IRSA members are already involved or will be involved with both for profit and non-profit hospital owned clubs.

These dues paying IRSA members are involved in hospital-owned clubs in order to make money. How can this conflict be squared in a manner which is not detrimental to either group of IRSA members?

The truth is that hospitals are becoming VERY POWERFUL PLAYERS in the health club industry. By keeping non-profit hospital owned clubs out of IRSA, many IRSA members will potentially lose opportunities to

become involved in excellent club business opportunities as the hospital club movement gains more and more momentum. These opportunities may become the "next great wave" of fitness facility growth in America.

So, the issue seems clear. The IRSA leadership is faced with a compelling situation which must be debated amongst the IRSA membership and decided. The issue? Whether to change the IRSA By-Laws to allow the admission of non-profit hospitals or not. To many IRSA members, the decision is a "no-brainer".....they want to stick rigidly to the current IRSA By-Laws which prohibit such admissions into the Association. Other IRSA members believe that all hospital-owned health clubs should be admitted into IRSA. The solution should be obtained by open, honest discussions within the IRSA membership be-

fore any change is brought to vote by the Board of Directors. This looks like an excellent agenda item for the upcoming IRSA Member Open Forum at the San Francisco IHRSA Convention in 1995.

The role of The **CLUB INSIDER** will be to stay tuned into these important discussions and to remember what incoming IRSA President, Rob Goldman wrote to us in February, 1994. In critiquing me for "biased reporting", he reminded me that the IRSA members "deserve to see the full story." Well Rob, I am going to bend over backwards to avoid taking sides on this crucial issue and to report "the full story." In saying that, I invite folks from both sides of the issue to write to The **CLUB INSIDER** and to share their views on the matter if it is important to you and your organization.

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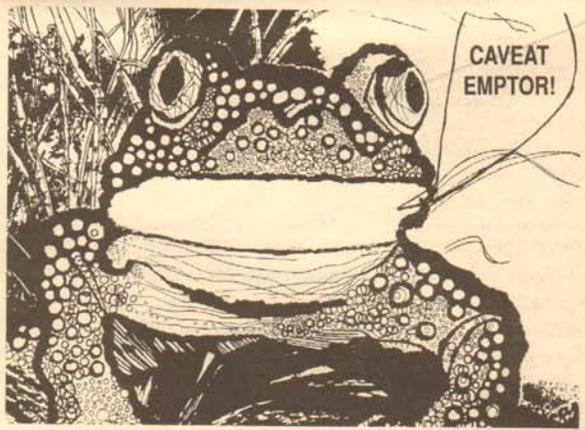
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# Frog's Deadbeat Bulletin Goes Into Hibernation

Our subscriber satisfaction surveys have requests for more FROG'S DEADBEAT BULLETINS! However, these articles are based on true stories for which I need material. If you know of a story that is material for the FROG'S DEADBEAT BULLETIN, you can mail it to P.O. Box 671443, Marietta, GA 30067-0025, Fax it to 404-933-9698 or call me at 800-700-2120!

Thanks,  
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Norm Cates'

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