

The Pulse of the Health, Racquet & Sports Club Business

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Brunswick Acquiring Life Fitness!

Franklin Park, Ill. - June 4, 1997 - Life Fitness, the global leader in designing and manu-

faturing computerized fitness products, announced today that it has agreed to be acquired by Brunswick Corporation (NYSE:BC), the market

leader in the active recreation industry. Brunswick will purchase the assets of Life Fitness from its previous owner Mancuso & Co., a New York City-based merchant bank, for approximately \$310 mil-

lion. Based in suburban Chicago, Life Fitness will become a division of Brunswick with no major business or organizational changes expected. Augie Nieto will continue to serve as Life

Fitness's President.

"This acquisition is very beneficial for Life Fitness," declared Nieto. "It means that Life Fitness gains access to additional

(See *Brunswick* page 4)



Lee Hillman

By Norm Cates, Jr.

Part I of "Lee Hillman Weighs In" ended with the following quote from Lee Hillman. The interview resumes with Part II after this first paragraph.

Hillman - "I don't know if you are aware of it or not, but we've had some considerable turnover coming out of this office. I've let quite a few people go that didn't adhere to policy. There are instances where the sales prac-

tices or sales policies are not adhered to. And they are ugly incidents. With 15,000 people, with thousands of sales people across the country in 323 locations, there's going to be a few times that people do things that they are not supposed to do."

(See *Hillman* page 6)

Cybex International Shares Company Plan And Vision

Medway, Ma. - Peter Haines, the hard driving, but cordial CEO and President of the new company Cybex International, was kind to respond

to our call even though he was in the midst of preparation for CLUB INDUSTRY East. Cybex International, the company cre-

ated by the merger of Trotter and Cybex International had combined revenues last year of over \$128 million.

(See *Haines* page 4)

Q Clubs Construction Stopped!

By Norm Cates, Jr.

South Florida - Frank Leonesio, Founder and President of the Q The Sports Clubs, had set his sights on a significant play of four upscale \$8-million dollar fitness fa-

cilities in Broward County, Florida (Fort Lauderdale area). Things were going fine until Leonesio made application to the Securities Exchange Commission to take Q, The Sports Club group public. The SEC rejected his application, citing objections to certain accounting methods that the Q Clubs were using to report their membership

revenues. Two of the Q Clubs were finished in South Florida in Coral Springs and in Plantation, Florida. However, the other two, located in Cypress Creek and Pembroke Pines, were partially finished. A South Florida newspaper reported that Leonesio had spent \$4.5 million on the Pem-

broke Pines facility, but still needed over \$3 million to complete it. In February, 1997, the Pembroke Pines Planning and Zoning Board revoked the company's permit to operate a sales trailer, the headquarters for its Pembroke Pines membership drive. However, the pre-sales continued at the Pembroke Pines

location up until just a few days before the construction was stopped.

Local area citizens that had made cash deposits for their memberships demanded their money back. According to Leonesio, as of June 10, 1997, refunds of all money collected during the construction period.

(See *Q Clubs* page 7)

Inside The Insider
•Ray Wilson Honored By California Legislature
•Now Is The Time
•CLUB INSIDER News Editorial Calendar
•'MAKE IT FUN!'
•24 Hour Fitness Buys Gold's Gyms
•CSI Buys Harbour Island Athletic Club

'MAKE IT FUN!'

By Norm Cates, Jr.

The CLUB INSIDER News began publishing in December, 1993, and since that time we have published ads which read 'MAKE IT FUN!' every month.

You may have wondered why these ads have continued to appear. The answer is simple. We believe that no matter what kind of facility you operate and no matter where it is, your facility will be better off if you 'MAKE IT FUN!' for your members and staff.

Our belief is well summarized with a reprint of the words from George Sheehan, for years the author of a column in RUNNING MAGAZINE 'entitled: "The Human Race." Sheehan wrote:

"Human beings will not continue for long to do anything, (See *Make It Fun* page 8)

CALIFORNIA LEGISLATURE

Assembly



RESOLUTION

By the Honorable Howard Kaloogian
Seventy-fourth Assembly District; Relative to commanding

Raymond Audley Wilson

Whereas, Raymond Audley Wilson, a distinguished California resident, has brought credit and distinction to himself through his 50 year career in the health club industry and on his exemplary record of civic achievements, and it is appropriate at this time to highlight his many accomplishments and to extend to him special honors and the highest commendations; and

Whereas, A native of Spokane, Washington, Ray Wilson attended schools throughout the western states while a migrant worker, and he later attended Phoenix College in Arizona; and

Whereas, His history in the health club business began 50 years ago when Ray was 18 years of age, and he has distinguished himself as the designer of the Lifecycle; and

Whereas, Throughout the past half century he has been actively involved in the health club industry, and at the present time is a Director in 24 Hour Fitness which has 141 clubs and a consultant for Hart's Athletic Clubs which has 11 clubs, and he recently opened a club in Hong Kong under the name Ray Wilson California Fitness Center; and

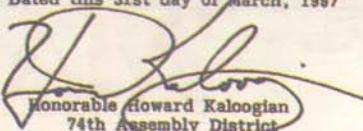
Whereas, Ray Wilson has been an outstanding corporate citizen by helping to meet the needs of the community through philanthropy, and his support has reached a myriad of organizations; now, therefore, be it

Resolved by Assembly Member Howard Kaloogian,

That Raymond Audley Wilson be commended on his 50 years of leadership in the health club industry and applauded for the community support that he has provided throughout the State of California over the years.

Members Resolution No. 500

Dated this 31st day of March, 1997


Honorable Howard Kaloogian
74th Assembly District



THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

Ray Wilson Honored By California Legislature

Sacramento, California - Ray Wilson, a 50+ year veteran of the health club industry and the designer of the Lifecycle exercise bike, has been honored by the California Legislature for his accomplishments and civic contributions to his state. This honor was sponsored by 74th Assembly Districtman, Howard Kaloogian.

Ray Wilson was the Founder of the European Health Spas, a 160+ unit health club chain, which he sold to U.S. Industries and the Family Fitness Centers, a chain of 72 facilities based in Southern

California, which he sold to Mark Mastrov's 24 Hour Fitness. He has now established his first location in Hong Kong where he intends, along with his partners Eric Levine and First Pacific Davies, to develop facilities throughout the Pacific Rim.

Ray Wilson perfected the design of the Lifecycle aerobic bike which ultimately led to the development of a partnership with Augie Nieto, who later founded Life Fitness, the #1 seller of exercise equipment in the world. Life Fitness has recently contracted to be acquired by the giant Brunswick

Corporation for \$310 million.

In 1995, Ray was successful in convincing the California Legislature to vote UNANIMOUSLY to approve Resolution #39, declaring October, 1995, as the first ever "CALIFORNIA WORKPLACE FITNESS MONTH." In accepting the honor, Wilson credited the research done by IHRSA as instrumental in his efforts to promote Resolution #39, also sponsored by Districtman, Kaloogian.

Wilson's efforts on the Legislative front in California have led to legislative successes

in two other states, as Maryland, in 1996 and Nevada, in 1997, have also passed legislation dedicated to the recognition of fitness. It is Ray's hope that other club industry leaders will step in and lobby for legislative recognition of fitness in every one of the United States.

Ray Wilson unquestionably has had a greater impact and influence on the health club industry than any individual in the history of the business. Not only has he been a pioneer and leader in the development of facilities and new ideas since 1947, he has taken the time to share his experience and

wisdom with others through his membership in IHRSA.

We at The **CLUB INSIDER** news are pleased to announce that Mr. Ray Wilson has agreed to write an article entitled: "How To Convert Your Club To Monthly Dues" for publication in The **CLUB INSIDER** News August, 1997 edition. Don't miss it!

The **CLUB INSIDER** News extends sincere congratulations to Mr. Ray Wilson of LaCosta, California, for his recent honor by the Legislature of the State of California.

NOW IS THE TIME!

By Norm Cates, Jr.

Recent conversations I've had with Mark Mastrov and Ray Wilson of 24 Hours Fitness, Augie Nieto, CEO and President of Life Fitness, Peter Haines, CEO and President of the new CYBEX, Steve Williams President of TechnoGym, Lee Hillman, CEO and President of Bally Total Fitness and Terry Rogan, General Manager of Muscle Dynamics, has given me reason to write this.

Growing the health club market is what I am speaking of. We now have approximately 21 million health club members in the U.S. That represents maybe 8% of our U.S. population. If we can successfully, through cooperative efforts, increase that number to 16%, think of what that would mean to the health, racquet and sportsclub industry! Think of what it would mean to your club to have twice the number of members you have today. Think of what it would mean for all of the industry suppliers if you had twice as many members than you do today. It would mean a lot! Club owners would have greater profits so they would make a better living. They could upgrade their facilities and add more equipment. They could build more new facilities. And, they would be able to earn a greater share of the market, now shared with the non-profit fitness suppliers of the world. Think of the possibilities!

NOW is the time for our industry to initiate a new nation-

wide membership campaign to bring millions of new members into the doors of clubs everywhere. 21 million new members!

What better time could there ever be? The U.S. Surgeon General has released its report condemning sedentary lifestyles and recommending regular exercise to everyone. Brunswick has just contracted to purchase Life Fitness, Trotter and Cybex have merged, producing a \$130 million company, Bally Total Fitness, under the leadership of Lee Hillman, is making efforts to accomplish a "Cultural Revolution" within its organization, 24 Hour Fitness is moving like a machine - gobbling up and building new clubs and IHRSA boozing with an all-time high in member clubs and over \$1 million in the bank!

What better time to bring together a coalition of health club leaders including IHRSA, Bally Total Fitness and the major suppliers in the industry like Life Fitness, Cybex, TechnoGym, Keiser, StarTrac, Paramount, StairMaster, CheckFree, Tectrix, Hammer Strength, Icarian, NordicTrack, Muscle Dynamics, Quinton, The Step Company, Universal, Nautilus and Hogan Health to develop and deliver the first truly major health club membership promotion in the history of the North America?

The message to the North American public should be simple. We must drive home the message to them that a certain sector of the health club operators in the U.S. are NOT like the rest. It should be emphasized that the group

which is delivering this message has developed their clubs and staffs to appeal to the healthcare needs of the average North American. They should hear over and over the words: PROFESSIONALISM, CARING, ETHICAL AND FAMILY ORIENTED. They should be reminded that things can and do change and we are not the same health club operators that pioneered the industry in that we now have learned a great deal about what they want and how to deliver it! We should plan this national promotion to deliver millions of prospects, but only to those clubs that qualify to be involved in the promotion. And, we must emphasize that the qualifications of the clubs has been developed, examined and has passed a criteria scrutiny which supports the principals of the health care world and addresses the mistakes that health clubs have made in the past. This idea will not only bring millions of new membership prospects through the doors of North American clubs, it will cause such a demand for qualified acceptance by clubs that the industry professionalization process will be accelerated as well. Think of the possibilities.

Why not ask these organizations to join hands to promote the most important thing that drives the health club industry.....memberships? Without new members the average club does not thrive or even survive for that matter. Without new members the average club

does not purchase new equipment, products or services. So, why can't the leaders get together in one room and come out with a plan to change this industry for ever? The last time that happened IHRSA was born and yours truly was there along with six other people on that very first day in Chicago, Illinois. (Thanks to Rick Caro). From that meeting came the next step, which was the official creation of IHRSA. IHRSA cannot do this alone, but for the past 16 years, since IHRSA's creation, IHRSA and John McCarthy have led the way. IHRSA is an appropriate leader for this very important effort, but, this thrust must be bigger than IHRSA. Bigger than any single group. We

need to muster ALL of the forces available and move forward with this initiative without delay. NOW IS THE TIME to change the health, racquet and sportsclub landscape forever.

Don't dismiss this idea as if it can never happen. It can happen and should happen. All we need is for the leaders to step forward and take a whack at it. It can be done! The tide will rise for our industry and all boats will float higher because of our dedication to the task of re-educating and re-attracting the North American public to the new professionalization and expertise of our great and ever growing industry!

Norm Cates'

Club Insider

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...Brunswick

continued from cover

capital for future growth, so we'll be able to continue developing innovative, technology-based fitness products and total solutions, such as our Lifecenter Networking System and our new Cross-Trainer. In addition, it will provide the capital necessary to fund future Life Fitness expansion, enabling us to acquire companies to fill out our existing product line and enter new markets. The acquisition puts Life Fitness in an excellent position for continued global growth."

Brunswick, a multinational company serving outdoor and indoor active recreation markets, provides a wide range of high-quality consumer products for the active recreation enthusiast. The Lake Forest, Ill.-based company currently markets and manufactures leading

brands to those who enjoy fishing, camping, biking, bowling, billiards and pleasure boating.

"Strategic acquisitions of leading-brand companies in growth industries are an important part of Brunswick's long-term growth strategy," stated Brunswick Chairman and CEO Peter N. Larson. "Fitness is a growing industry and Life Fitness is clearly the world leader in developing fitness products that are popular as well as reliable - its Lifecycle exercise bike and treadmills continue to be the best-selling brands in commercial fitness facilities. Therefore, we are very excited to add this renowned brand to our product family."

Life Fitness' growth and global presence fit well with Brunswick's goal to be a worldwide leader. During a tremendously successful 1996, Life Fitness grew across the board in all product segments and sales chan-

Club Insider

JUNE ISSUE

nels, including both the commercial and high-end consumer markets, and in domestic as well as international sales. Revenue was up more than 20 percent from 1995 with operating earnings growing at a faster rate than overall revenue. Commercial Lifecycle sales grew 22 percent, the commercial treadmill business enjoyed a 24 percent sales growth and commercial strength product sales increased by 50 percent. In addition, consumer business growth was fueled by treadmill sales which rose over 60 percent. The company anticipates a very strong 1997 as well.

Many Synergies: Leading Products, Similar Customers and Wellness Market

Brunswick's acquisition of Life Fitness makes perfect sense with all the synergies that exist between the two companies, including a deep commitment to providing innovative, leading products, similar customers and focusing on the wellness market.

First, both companies share a long-standing tradition of brand leadership.

"Life Fitness, the world leader in developing innovative fitness products, will be joining a company with more than 90 percent of its sales coming from products that are brand leaders," noted Larson.

In addition, both compa-

nies market and sell to similar customers - those with active lifestyles. Brunswick currently holds a leading market position in six of the 10 most popular domestic recreational and sports activities. With the acquisition of Life Fitness, Brunswick will attain a top position in a seventh category, exercising with equipment.

"There is a high level of cross participation in recreational and sports activities, and most people who make a commitment to a more active lifestyle are likely to engage in more than one of them," said Life Fitness' Vice President of Marketing, Jeff Loebba. "The largest number of participants in these activities gives Brunswick and Life Fitness the opportunity to leverage our strong brands by efficiently marketing many of our products to the same customers. Together, we will have numerous opportunities to reach those customers on multiple fronts."

Finally, Life Fitness and Brunswick are both focusing on the wellness and health maintenance market.

"There is a big movement towards getting and staying healthy through lifestyle changes, including participating in recreational and sports activities," commented Loebba. "In addition, with physicians promoting exercise as a means of disease prevention and treatment, and with the increasing awareness of the benefits

Medway, MA. So, the net reductions will be about 130 positions. Overall, things are going well."

CLUB INSIDER - "During the next six months what is your focus and plan?"

Haines - "Our focus for the first six months for the new company is to #1 get our operational issues squared away. We want to get the plants that we are not going to support closed. And, we want to start building and investing in the facilities that we have chosen: the one in Minneapolis, Minnesota and the one in Medway, Massachusetts. The Cybex Minneapolis is a wonderful 220,000 square-foot facility. I think it is the finest facility for strength manufacturing in the world. We are investing heavily in that facility and in those people. The Medway facility is not only the World Headquarters, but it will be the manufacturing facility for all cardiovascular products. We are investing heavily there. So, our focus is to operationally get the company stabilized in those two facilities so that we can handle the additional demand we have with the two businesses."

...Haines

continued from cover

million. There will be significant changes in the company as the merged entities move forward and Peter Haines was kind to give us an overview of the plans.

CLUB INSIDER - "Peter, congratulations to you and your associates on the completion of the merger on May 23, 1997! Your merger with Cybex has the industry abuzz and The CLUB INSIDER News would like to update our readers on what to expect."

Haines - "Thanks Norm. We now are on day 19 after the merger. Things are right on schedule. The deal closed on May 23rd and we have begun our work for the future."

"On May 27th, we eliminated about 200 positions from the combined companies. Those eliminations were done to reduce redundancies. We are in the process of consolidating 6 manufacturing facilities into two. We're eliminating 130,000 square feet of manufacturing space. We are also adding about 70 positions at the World Headquarters in

of exercise in international markets, we see significant growth opportunities in this emerging wellness market. Life Fitness and Brunswick are both very committed to developing products and solutions to help people maintain their health."

The Brunswick acquisition of Life Fitness is expected to be completed in early July, 1997.

The BRUNSWICK CORPORATION AT A GLANCE

Brunswick is a multinational company serving outdoor and indoor active recreation markets with consumer products that include such leading brands as Zebco and Quantum fishing reels and reel/rod combinations; American Camper and Remington camping gear; Igloo coolers and ice chests; Mongoose, Roadmaster and Ride Hard bicycles; Brunswick bowling and family entertainment centers, equipment and consumer products; Brunswick billiard tables, Sea Ray, Bayliner Maxum pleasure boats; Boston Whaler offshore fishing boats; Mercury, Mariner and Force outboard engines and Mercruiser sterndrives and inboard engines. The Brunswick Company is over 150 years old and had sales in 1996 of \$3.1 billion.

cus the fitness equipment dealers on the consumer market and the direct sales representatives on the commercial market. We want to make sure we do that well. Part of that is rationalizing the product line so that we have the product line squared away so that it makes great sense to both the club owner and the consumer."

Haines - "Once we get those things done, then we will get our new products that we introduced at IHRSA San Francisco into production. As you know, we have four new bikes that we introduced and a new product called the Hiker plus a whole new series of selectorized products. We will get those into production in appropriate quality and quantity. Once we get all that done - we will think about growing the business."

CLUB INSIDER - "From a growth perspective, do you have particular area that you would like to focus on?"

Haines - "Well, the thing we're still missing is a conventional climber. We'd love to be able to add a climber. If StairMaster were to become available again, StairMaster would make a great addition to Cybex."

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•NORM'S NOTES•

The CLUB INSIDER

News this month is focused on how to 'MAKE IT FUN!' in your club for your members and employees. No matter what kind of facility you own or operate, you can benefit from the ideas and concepts presented in this edition about this most important topic. Also, we are not going to stop with this edition. As we have with the little 'MAKE IT FUN!' ads since 1993, we are going

to begin a monthly column entitled: 'MAKE IT FUN!' which will feature the best ideas we've heard of lately. Stay tuned!

New EDITORIAL CALENDAR - You will see our CLUB INSIDER News editorial calendar for the balance of 1997 on this page. You will notice some exciting topics and I want you to know that we want club operators and suppliers to participate in the editorial content

CLUB INSIDER News 1997 EDITORIAL CALENDAR

The CLUB INSIDER News outlines the topics that we will focus on each month for the rest of 1997. Each editorial topic will be approached with the assistance of expert veteran club operators who are in the field doing their thing every day.

Of course, The CLUB INSIDER News will continue to be the FIRST to report the latest industry news and we will continue our 'Tell It Like It Is' approach to dealing with major issues which impact the health, racquet and sportsclub industry in general.

JUNE - 'MAKE IT FUN!' This edition will focus on the concept of how to 'MAKE IT FUN!' for your club members and employees. Industry experts agree that clubs that are fun for both members and employees perform better financially due to increased new membership sales and member retention.

JULY - TRENDS IN THE HEALTH, RACQUET AND SPORTSCLUB BUSINESS - What's HOT and what's NOT. We will report on the HOTTEST INDUSTRY TRENDS. How to get involved. What and when to do. This edition will be a terrific guide for your preparation for the future - which is NOW!

AUGUST - CLUB MEMBERSHIP PRICING AND MARKETING - The industry has seen a sea of change in its thinking about how membership pricing should be structured. That shift has moved much of the industry from long-term contracts to monthly dues collected by EFT (Electronic Funds Transfers). A special feature of this edition will be an article by Mr. Ray Wilson, a veteran of over 50 years in the industry, who will share his experience on "How To and Why Shift To Monthly Dues." Also included in this edition will be a segment on membership marketing. How the industry can benefit by switching from glamor ads to ads featuring the professionalism for the 'average consumer' along with examples of ads that will generate results TODAY!

SEPTEMBER - SUCCESS STORIES - The CLUB INSIDER News will showcase some of the world's top club operations in multi-sport, fitness, racquet sports, corporate fitness, wellness and hospital fitness. Each report will be a 'Case Study' of the 'WHO, WHAT, WHEN, WHERE, WHY AND HOWS' that have made these top operators and operations what they are today. This edition will truly get 'inside' the heads of some of the top operators in the world.

OCTOBER - FALL CONVENTION EDITION - We will showcase the upcoming CLUB INDUSTRY Conference and Trade Show, the 11th Annual IHRSA/ATHLETIC BUSINESS Convention and TRADE SHOW, to name a few. This edition will cover new product introductions to look for as well as key seminar presentations that you should not miss!

NOVEMBER - NEW YEAR'S PREPARATION - We all know that it is a good idea to have budgets, marketing plans, advertising materials and staff trained, ready and up to speed before the Midnight Hour on the New Year. This edition will provide you with guidelines in all of these areas so that you will have time to prepare your club, your operations and administrative staff, and your sales staff for the boom of the New Year. Don't miss it!

DECEMBER - REGIONAL ASSOCIATIONS - We will report on the Regional Associations located in the U.S. and Canada. This edition will cover the history, the structure, the services, the future plans and the benefits of being a member of your regional association. We will also look at Associations in other countries to see what we can learn from 'over-there.'

The bottom line is this. If you don't read The CLUB INSIDER News every month and keep each edition for future reference, you are missing out on one of the best educational and news packed club business publications there is. To subscribe just call: (800) 700-2120 today!

of these editions. The business is truly about both operators and suppliers and The CLUB INSIDER News will always reflect that. For information about contributing articles call: (800) 700-2120.

CECIL SPEARMAN, owner of Laguna Niguel Racquet Club/Tennis Club at Monarch Beach, recently named **BARRY BOREN** as Head Tennis Professional at Monarch Beach. Barry has been at Laguna Niguel Racquet Club for 11 years and brings 32 years of playing experience and 22 years of teaching experience to the Head Tennis Pro position.

The IHRSA Institute On Exercise sponsored by TechnoGym is dedicated to communicating the health benefits of regular exercise to the public. Next month, we will bring an update on the latest research and findings by the Institute. Just received was an outstanding report produced by the Institute entitled: *Research On Exercise*. For information on the report and about IHRSA membership call: (800) 228-4772.

NEIL SOL, Ph.D., one of the true pioneers of the connection between health care institutions and health clubs has taken a position as Director of Outpatient Services at the *ValleyCare Medical Center* in Pleasanton, California. Neil will continue to author



Norm Cates, Jr.

our monthly Health Care Connection column and may be reached at: (510) 734-0111.

Word is that **JEFF BENSKY** and the **BENFIELD GROUP** have made a significant deal with the Disney organization for their huge new complex in Florida. Details were not available at press time but stay tuned for an update next month.

Apologies to **LEE HILLMAN**. Last month we published a photo of Lee Hillman to accompany the article entitled: "Lee Hillman Weighs In." Due to a technical error on our part, the photo did not reproduce as it should have. We apologize for the error and have reprinted the photo with Part II this month.

IHRSA SAN FRANCISCO 1997 INTERNATIONAL CONVENTION TOP 30 SPEAKERS

Rating	Speaker	Topic	RATING
1	Grant Gamble	Membership Marketing Masterpiece	4.753
2	Jeff Salz	The Adventure of Change	4.726
3	Jim Burtoft	The ABC's of Selling	4.573
4	Jim Smith	Direct Mail Magic	4.551
5	James Rippe	Medical and Scientific Breakthroughs	4.543
6	Mary Drummond	Increase Productivity w/a Positive Work Environment	4.499
7	Sandy Coffman	Training and Managing A Front Desk Staff	4.495
8	Richard Gerson	Achieving Ultimate Peak Performance	4.464
9	Andrew Weil	Health & Healing: Enhance the Powers Within	4.443
10	David Bradshaw	Creating Job Value With Emotional Persuasion	4.429
11	E. Lee Rice	Leveraging A Network of Family Doctors	4.417
12	Tom Deters	Retaining Your Baby Boomers w/Nutritional Ed.	4.378
13	Spencer Garrett	An Introduction To The Internet	4.371
14	Dave Pickering	The Latest With Corp.&Health Insurance Markets	4.359
15	Michael Holtzman	Making Food & Beverage Facility More Profitable	4.347
16	Steve Mulvany	Managing For Performance	4.340
17	Kathy McGinley	Improvisation: A Staff Orientation Tool	4.336
18	Jason Conviser	Anatomy Of A Club-Hospital Relationship	4.325
19	Stephen Robbins	Working With Your Local Hospitals	4.321
20	Jason Conviser	Developing Profitable Healthcare Relationships	4.274
21	Sandy Coffman	30 Retention Programs in 90 Minutes	4.265
22	Brenda Abdilla	How To Plan A Corporate Marketing Blitz	4.264
23	Casey Conrad	The Closing Clinic: How To Increase Sales	4.182
24	Paul Chek	Scientific Abdominal Training	4.158
25	Frank Ancharski	Lunar Leadership: Case Study In People Mgt.	4.138
26	Paul Chek	Exercises For Spine Stabilization & Posture	4.136
27	Art Rothafel	Marketing Your Weight Management Program	4.052
28	Jeff Stokes	Improve Your Staff's Attitude & Performance	4.052
29	Jim Smith	Turn Your Sales Staff Into Superstars	4.044
30	Klaus Hilgers	Self-Paced Learning: New Training Technology	4.000

...Hillman

continued from cover

to do. My answer to that can only be is that when they are identified, they are not going to be here any longer. And, if they do something that is illegal, they are going to be prosecuted to the fullest extent of the law. At our urging. At our insistence. We are holding to that, Norm. I commit that to you."

PART II- Hillman continues..... "My background in public accounting is a background where you live by the rules, you expect others to live by the rules and if you are compensating people fairly, you have every right to expect them to live by the rules. It doesn't do us any good to violate those rules and policies we establish. I've been hardened by a couple of instances lately where other people in the business have related to me that they are very pleased with some changes they have seen in our business policies. Those comments are nice to hear. But, all I can do is to continue to demand that my people get better, not only in sales practices, Norm, but in the service outlook toward members...how you treat a customer. They really go hand in hand."

"Part of my background when I was at Ernst and Young, I

headed up the Chicago practice for the hospitality industry. My background there and for 6 or 7 years before that caused me to be very sensitive to the way customers are treated. The way service is delivered to a customer. The way members are made to feel like they are members. Quite frankly, I fight the battle every day against the onerous sales practices that this industry has been known for many years. Those old practices don't help the business at all."

"Having been on the finance side also, the reputation of the industry itself is really troublesome. And, it's one we all have to work hard to overcome. If other companies in this business want to access the public markets the way Bally has and if other companies want to get the confidence of banks and so forth, we have to work together to shed the industry's reputation as slicksters and get more into not only the appearance of, but the substance of, being truly mainstream business."

CLUB INSIDER - "The word is going around that you plan to add physical therapy, sports medicine, nutritional products and pro shops to your facilities. Can you comment on those plans?"

Hillman - "We're doing 3 things: We have actually announced an agreement with a

company in Miami called Continucare. They are currently putting together the first four centers that will be the initial group of what we hope will be many 15-20 of these physical rehabilitation centers operating in our clubs by the end of this year. Our goal is to, over the next 3 years, put in about 100 of these centers in our clubs. With regard to another facet of rehab - Continucare is a medically-based rehab which will be sourced from outside of the club facility from doctors' groups, insurance providers, workman's compensation administrators, HMOs, PPOs and the like. With regard to a second level of rehab, we recently signed an agreement with a company called U.S. Rehab out of Philadelphia to provide chiropractic rehab services in our facilities beginning with 4 facilities in the Philadelphia market. That will be the first test and will be rolled out over the next couple of years as well. So, the two levels of rehab can co-exist in the same facility because they really feed off entirely different markets."

"You mentioned the nutritionals. We have not formally announced this, but we have come to the conclusion of our testing phase of the first products of our new BFIT Nutritional line. We will be rolling out nutritional products into clubs across the

country over the next several months. The line currently includes a BFIT multi vitamin formulated separately for men and women. The nutritional supplement for men is called B Lean and for women is called B Trim. We have a Snack Fit product which is a high fiber dietary product. We recently came out with the 6th product, the Dietary Creative and our 7th and 8th products are the BFIT RX for men and BFIT RX for women, the nutritional meal replacement energy drinks similar to MET RX. It is really great... I had one for lunch today! The next product coming in about a month is the Bally Bar which is equivalent to a Power Bar or the like."

CLUB INSIDER - "You also have developed a retail clothing product line. What can you tell us about that?"

Hillman - "After developing the nutritional product line, it occurred to us to look around the areas near our facilities for other ideas that might fit with our stores. Amazingly, we found activewear stores near our places so we decided to develop activewear stores within our walls to sell T-Shirts, running shorts, shoes, cosmetics, etc. So, what we've done is come up with a retail concept called 'Bally Essentials'.

We brought in some very talented retailing help and the

Hilton Hotels have been very gracious in providing us with assistance from their own retailing people. We're working with them to develop stores for our own clubs that will, in fact, carry our own nutritional line as well as a Bally clothing product line."

CLUB INSIDER - "How did you go about developing your nutritional line?"

Hillman - "We did a thorough business analysis of the products. We developed our own formula working with a major manufacturer to produce a private-label custom-formulated line for us. When you look at the economics of the nutritional retail business, unless you are doing it on a scale that right now only we can do - it doesn't make sense to do it this way. You buy somebody else's product and resell it. But, at our level, it seems to us that was leaving a lot of money on the table, it wasn't keying off our brand identity and it gives us a product that we can sell to others - even to other club companies and to food stores. So it is something that gives us another profit center."

CLUB INSIDER - "It has been reported that you were projecting losses of over \$1 per share for 1997. Besides what we already talked about, what other things are you going to try to do to mitigate the losses for '97 and '98 and do (See Hillman page 9)

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JAZZERCISE FOR FUN!

While club owners and managers around the country are looking for ways to pep up their aerobic classes, Jazzercise is still going strong after 20 years!

The **CLUB INSIDER** News interviewed people across the country to learn their feelings about their Jazzercise programs and the comments were impressive.

JUDY RITTER, the owner of the COURHOUSE FITNESS CLUB, in Vista, California was extremely happy with her program. Judy offers 32 Jazzercise classes per week that average about 35 attendees per class. She offers a variety of Jazzercise classes including Jazzercise Step and Jazzercise Circuit. Judy comments, "Jazzercise has the best music and choreography there is. I bought this facility from a racquetball club op-

erator after it had gone bankrupt. We have increased membership from 300 to 1200! I had established my Jazzercise relationship and program 20 years ago and decided to take over this club just a few years ago. Our membership comes from the surrounding businesses and we have a heavy family membership. My daughter and I both teach Jazzercise and my son-in-law manages the club. The Jazzercise program is truly the anchor of my club!"

MICHELLE PEPPO, the owner of SHANNON'S HEALTH & FITNESS CLUB LaPlace, Louisiana, was also a very happy Jazzercise provider. Michelle comments, "This is our 4th year of Jazzercise. Our members love the variety of the program. We offer 6 Jazzercise classes per week as part of our total program and our

Jazzercise classes are always larger than our other classes. **BETH RODRIQUE**, one of the Jazzercise instructors adds, "I work hard to make our classes a lot of fun. I educate our members about losing body fat. They love Jazzercise very much! There have been a lot of people that have lost 40 pounds or more. One member has lost 67 pounds. I recognize them each month for reaching goals and they appreciate that. Jazzercise is a terrific program to be part of a health club and it is so much fun!"

LYNDA LUNSFORD, the owner of the Huntsville Athletic Club in Huntsville, Alabama, raves about Jazzercise and her very incredible teacher, Jan Hammonds. Lynda was full of praise for the job that Jan does year-in-and-year-out and for the

extra care and love that Jan gives to her members. Lynda comments, "Our Jazzercise program is incredibly successful, thanks to Jan. Jan teaches 16 Jazzercise classes per week, 3 per day on Monday and Tuesday, and 2 per day on Wednesday, Thursday and Friday, plus 1 class on Saturday. Jan's Jazzercise classes average 100 people every class and she has done this with her energy and her creativeness. She makes everybody dress in costume for the Halloween classes. At Christmas, she personally makes each member of her classes a Christmas tree ornament. If one of her class members is sick at home or the hospital, she goes there to visit and be with them. She is just incredible! We've had Jazzercise here since before 1986. It's a ter-

rific program and everyone that does it just loves it. The classes are so much fun...it has taken over our aerobics program! Everyone just loves our Jan. She teaches in a way that everyone can do it."

PAM DRURY of the PELICAN ATHLETIC CLUB in Mandeville, Louisiana says that of the 76 classes per week that the club offers, the Jazzercise classes are huge and have a great following. Pam is the Aerobics Program Director, a personal trainer and finished 11th in the United States Aerobic Dance competition last year.

So, if you thought that Jazzercise classes were just for churches and recreation centers, think again. Jazzercise is proving to be a great addition to health, racquet and sportsclubs across North America.



Judi Sheppard Missett-Jazzercise CEO and Founder

...Q Clubs

continued from cover

ing the presales, which have gone on for about a year, were refunded.

Contacted by The **CLUB INSIDER**, Leonesio had the following comments about the situation: "Overall, the company is in great shape. We have been cash flowing beautifully. When the SEC rejected our Public Stock offering we found ourselves in a position where we had cash available to complete two of the Florida locations but came up short for the other two. Rather than borrow a significant amount of money to complete the last two, we made the decision

to stop the construction and sell off the two sites instead. The steel framing is in place and the buildings can easily be converted to offices or we can remove the steel structures and sell just the land. We have refunded all of the pre-sale money collected. All of our contractors have been paid in full. We now have 18 locations nationwide. Our goal by the end of the year is to pay off all of our bank debt. Our long-term goal is still to develop a couple of hundred of the Q Clubs in the 25 major metropolitan areas across America."

The **CLUB INSIDER** also contacted Mr. Joe Alexionok, Consumer Services Consultant for the State of Florida Office of Consumer Affairs. Mr. Alexionok

commented, "The Q Clubs did contact us and informed us that two of their projects were not going to be completed. They had complied with Florida law and had placed presale funds into an escrow account. They have offered the members that purchased presale memberships a choice of their money back or transfer to one of the two Q Clubs already in operation in South Florida. We don't have any outstanding complaints. Initially, we had two or three complaints, but those were resolved when Q Clubs refunded their money. So far, I see no problems. If there are, individuals should contact us at the following Toll Free # - (800) HELP - FLA."

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"We've had Jazzercise here since before 1986. It's a terrific program and everyone that does it just loves it! The classes are so much fun...it has taken over our aerobics program! Everyone just loves our instructor. She teaches in a way that everyone can do it."

—Linda Lunsford
—Huntsville Athletic Club, Huntsville, Alabama

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(See Hillman page 10)

Make It Fun...

continued from cover

no matter how good it is for them, unless it is pleasurable, unless it is social, unless it is entertaining, unless it is fun." This quote was used by John McCarthy, Executive Director of IHRSA, when writing to the IHRSA members about the need for fun in the clubs.

Depending upon your perspective, you may be nodding your head in agreement with the concept. Or, you may be saying to yourself: "What is this guy talking about? "If you, at this moment,

don't have any idea of what I am talking about, and you are in this business to make a living, then you might be in trouble. I would highly recommend that you spend the time to read and figure out how to use the information contained in this article. It could help you a great deal.

This writer began this 'Campaign For Fun' after years in the club business where we witnessed a shift from clubs focusing on fun and recreation to a heavy focus on exercise. In some cases, this shift has taken a medically-based focus, which further displaces the potential for fun in many eyes.

BALANCE FUN BETWEEN MEMBERS AND STAFF

F

un in your club should be balanced between members and employees. You may be asking yourself: "Why do I need to 'MAKE IT FUN' for my employees too? The answer is simply that if your employees are having fun in their jobs they will be happier. Happier employees tend to cause members to be happier. Happier members come to their club more often and get better results from their programs. Members that come to the club more often continue to pay their dues and spend

more money at the club and very importantly, they tell their friends and neighbors about their club. This word-of-mouth about the fun club causes greater guest traffic from the friends and neighbors. From the greater guest traffic comes more new memberships. From more new memberships in the fun clubs come more sales in the club and more new referrals. The cycle continues over and over if your club is fun.

So, this balance between fun for members AND staff is very important to the total picture. You will not be able to have a truly 'fun' place for members if you and your staff are not happy and having fun as well. By having a bal-

ance between employees and members having fun.....the club will be more successful over the long haul and will carve out a 'niche' in the community.

In this edition we are going to give you a number of ideas and examples of how to 'MAKE IT FUN' for your members and employees. We are going to start off with an article by Sandy Coffman, the leading teacher of 'MAKE IT FUN' programming for years. And, we are going to hear from some veteran club operators who have been kind to share their ideas and experiences. So, read this article carefully..... consider what has been said here and 'MAKE IT FUN' for your members and staff!

WHY 'MAKE IT FUN'?

By Sandy Coffman
President,
Programming For Profit

Here are my thoughts of why and how we should all 'MAKE IT FUN' in clubs and become "funtastic fitness fanatics."

Did anyone ever quit your club because they were having too much fun? Well then, why don't we try selling and retaining more members by making our clubs more fun?

With all the talk about competition, what will set your club apart from the rest? What can be your most productive differential advantage? I believe that the environment or atmosphere of your club will far outweigh the physical characteristics of your facility or technical applications of your employees. For the most part, clubs have become quite similar in the technical approach of the exercise physiologists and certified aerobic

instructors. Their knowledge and expertise of the features and benefits of an exercise program is critical. But, it is effective only if it is communicated in a manner that is enjoyable and fun. Only then will your member accept it as a lifelong commitment instead of a six-week project.

The environment that is created in your club will also beat the location issue. I have personally experienced and subsequently seen members regularly drive twenty to thirty minutes and more, passing other clubs along the way, to spend an hour socializing, exercising, laughing, exercising, getting recognition, exercising, having fun, and exercising, rather than just exercising.

First of all, you can't "Make It Fun" if YOU aren't any fun! That's why I can't emphasize enough how important it is to hire the right kind of person for your club in the first place. Hire a happy person! Hire someone for your club that

smiles broadly and smiles a lot! I would hire someone who enjoys seeing others having fun and seeing other people smile. Hire someone who is creative enough and is willing to take a risk to do something different, something out of the ordinary, something that creates an environment that will make people happy, that will make people smile.

Secondly, become a "Fun Professional" yourself. You must have communication skills in fun. Spend some time and money getting educated as to what people respond and react to. There are definite differences and niches within our markets and each niche needs specific types of programs and selective exercise routines to meet the many wants, needs and goals to be achieved. But more important than WHAT program we put together is HOW we promote it, market it and implement it.

Here are some FUNTASTIC tips in creating a funtastic program.

a. BEAFUNATIC! Have a positive, energetic attitude. An attitude that says, "If I can't get a laugh out of my customer within an hour of my company, I haven't exercised my communication skills. I have several ideas and options available to me, I'm not sure which one will work best, but more importantly, I'm willing to try. My attitude can change the attitude of my customer."

b. Create the Environment! Set the scene with flowers in the spring, sunbeams in the summer, snow flakes in winter, and brightly colored leaves in the fall. Add pictures of your members. Be sure to include a variety of niches, from ages and genders to various activities, timeframes, skill levels and lengths of membership.

c. Get Attention....Give Attention! Learn how to approach

people, introduce yourself, give a compliment, and offer encouragement. Learn how to introduce members to each other. Learn how to put people together and get groups of people exercising together and enjoying it. Learn how to GET a smile!

d. Give Recognition! Taking your members' pictures, keeping track of your members' participation, awarding stars for achievements and giving a whopping round of applause for any reason you can possibly think of will get a smile. It's fun to smile, and no one quits your club because they are having too much fun!

Here are some FUNATICS that have made it work:

a) The Woodlake Athletic Club in Sioux Falls, South Dakota, has over 250 members in group circuit training classes. Why? Because Marv Jones has spent the last 7 years creating an environment that makes people want to come back. His energy and his smile gets his members to exercise, but I think it's the occasional surprise popsicle that makes them smile. They remember the good times that Marv creates.

b) When Lori Stumme of the RiverPlace Athletic Club in Portland, Oregon gets her mature adult class going....no, excuse me, her "Star Program", the members know that they follow the "road of stars" leading through the club to the activity center of the day. Then, one never knows who will receive a Ribbon of Recognition between employees and members having fun.....the club will be more successful over the long haul and will carve out a 'niche' in the community.



Sandy Coffman

tion for their efforts that day! Lori knows how to create a smile.

c) Trish's mixed doubles racquetball tournaments are always filled at Wisconsin's Waukesha Athletic Club, but so are Dan Daily's "Mixed Doubles Free Weight Leagues" on Friday nights. Using "Date Night" as his incentive to create an exercise environment that members will respond to. After ten or more couples do their sets and reps together for an hour in the free weight room Dan and Shelly have nachos and margaritas ready to kick off the rest of the evening. A good time is had by all.

These are just three examples of clubs that I have had the pleasure of experiencing. Whenever I'm able to measure the success of a program, it is usually due to the amount of fun that was had, not only by the members, but by the staff as well. The name of the game is Fun, Fitness and Financial Success. They get healthy and get wealthy. Make It Fun!

MAKE IT FUN!

...Hillman

continued from page 6

you feel your forecast is right?"

Hillman - "That's not our forecast. We don't forecast results. Those were forecasts from a couple of the stock analysts out there. But, what we're doing to improve on last year's results - a loss of \$3.38 per share - if I can take that down to \$1 a share that would be an enormous improvement of \$25 to \$30 million in one year. That's setting the right trend. Obviously, we need to go further than that. It's through continuing to do the right things here, which would be building our base of dues, which means improving the club facilities, improving the customer service, continuing to improve on member satisfaction and to keep costs under control. There are so many ways to do that in a company this size. It's something where you come in every day and you find your target and you find a way to save money on one item or another every day."

CLUB INSIDER - "What plans do you have to remove and/or replace your facilities that have significant age on them? Can you sell them off or what do you do?"

Hillman - "You can't sell them off because if they are no good for us, they will be no good for anybody else. You can work on a program to replace those units or to close down where they are in markets that you just don't want to be in. I guess some of those that are in markets that you just don't want to be in, if they are the right size, then you can sell them off. But, the old 6,000 square-foot units won't work for anybody. What we are doing is that we are slowly replacing most of those older units. We are, in some cases, closing them down and moving the members to other units. We are doing some franchising in some of the markets that are more remote to our business, where local operators can make more money than we can. Where an operator, for instance, may have one or two clubs and we may have one or two clubs in a market, we are working on situations where we sell our clubs to the local owner and maybe franchise all four of the clubs in an area and operate in a franchise in the more remote markets. Then everybody makes more money. They receive the benefits of using our ads, our back-office accounting/administrative operations, our equipment purchasing ability, our expertise in aerobics, whatever it is. Plus, the franchise operators will receive the benefits of the nutritional line and Bally Essentials line in their clubs. In each of the older clubs, in each situation, we need to develop a plan that is individual to the situation. We can't approach it from a mass, broadbrush way where we get rid

of a lot of clubs all at once. That has never been the case. I am always willing to sell a particular facility, as much as I am willing to acquire a particular facility from someone else. Or, do something in the middle which could be a joint venture of some type. My background and Arthur Goldberg's background is that we are here to make money and we believe in the concept that all boats rise with the tide, however we raise that tide, we are willing to do it. We don't put up any walls or fences. When it comes to buying and selling and doing various deals, we are open to people's ideas."

CLUB INSIDER - "So, what if a local operator wanted to buy out your chain in a particular market and not operate under the Bally name and under a franchise arrangement...could that be done?"

Hillman - "Well, I'll tell you the same thing that I tell others when they ask me that question....there is a price for everything!"

CLUB INSIDER - "Historically, Bally has been very successful at marketing to the 18-35 age group. But with the baby boomers coming into their 50's in great masses, how do you plan to change your product to appeal to that demographic shift?"

Hillman - "Interestingly enough, while we market principally to 18-35 year olds, the average age of our member is in the mid 30s. That means that we are retaining an awful lot of people with the program for a number of years. We will be changing some of the product and the marketing to 'broaden' the market. That's also not to say that I am going to become a 'high-end' club operator that would try to compete with the Sporting Clubs and the other such 'high-end' clubs that market to a much older audience....the Cadillac and Mercedes drivers. I have some of those members, but in over 323 clubs, we have a very wide cross section of membership that tends to be young when they join. While the fastest growing segment of the population are older, they're certainly a much smaller segment in terms of sheer numbers and they will continue to be smaller. The demographic outlook for the country shows that because we 'baby-boomers' have procreated so often, there is another boom coming, starting at about age 18 now. There is another rise in the tide of the 18-35 year age group coming in the next 15 years that is just starting right now. So, I think that the market in terms of age groups - 18 to 75, you are going to see growth. With the Surgeon General's information that you mentioned earlier -

it is the awareness of the benefits of fitness that matters most. And, if Terry Rogan is right, only 5% of the people within 5 miles of fitness centers today are members.....that's the bigger thing to key on."

CLUB INSIDER - "How do you plan to contend with the upcoming growing chains such as 24 Hour Fitness and LA Fitness which all seem to be priced on the low end with pricing like Bally's?"

Hillman - "We have some advantages over them, we have some disadvantages that we look to improve. First of all, I think that we can all coexist. Second, you are getting some situations that may not make sense....you are getting some operators that are trying to build \$5, 6, 7, 8 million-dollar clubs and trying to price in Bally's range. That just doesn't work. Bally tried that already and that is what got us in trouble. I would hope that people would look at Bally and Bally's experience in the 1980s and say 'I'm going to look at Bally and learn what they did and how they built \$5 to 10 million clubs and learn you can't get enough members to make those economics work."

"The consolidation going on in the business is interesting to me also, because that is another mistake that Bally made. I will tell you it is a fact that if this were 10 or 15 years ago and I were in charge, I would not have built and acquired at the price that Bally paid. Acquisition of clubs is rarely a good answer. Often you are buying someone else's troubles. Many times you are paying a premium for a fast entry into a market, that frankly, is not economical. So, I don't look at consolidation as being something that really makes a lot of sense and I don't look at it as something that is needed in this business. Again, I will use the food service business for example. McDonald's didn't grow by acquiring small operators. It also didn't grow by acquiring smaller chains. It grew by building its own. Burger King did the same and Wendy's did the same and frankly, the smaller chains like Checkers or anybody else, nobody grew by buying someone else. This industry really fits that industry a lot more than it fits the mold where you can buy up something else and make it work for you. It is a very difficult proposition. I can point to Bally's acquisition of the U.S. Health chain and the Scandinavian chain that quite frankly were just disasters. They paid WAY too much for properties that had no ability to economically return on investment."

CLUB INSIDER - "So, in your leadership, you are going

to avoid taking that path?"

Hillman - "Well, you never say never, and there are correct situations for doing many things. The one acquisition that we have made since Arthur and I got here has turned out to be a good acquisition. That was the Nautilus Plus chain that we bought from Jerry Dauderman out in California. It worked out real well for Jerry. I think that was probably a reasonable acquisition. There are a lot of very uneconomical transactions taking place today."

CLUB INSIDER - "With the Q Clubs trying to go public last year, the SEC questioned their accounting practices, rejecting specifically their revenue recognition. Were you ever contacted by the SEC after that event regarding your methods?"

Hillman - "No. But, we do get reviewed frequently by the SEC and have been reviewed regularly for the past 13 years."

think using the terminoloy the way Q Clubs was applying it was a long way away from the way we apply it."

CLUB INSIDER - "In the mid 1980's Bally attempted to obtain admission into IHRSA. But, most of the clubs at Bally don't yet meet the requirements for admission into IHRSA. Does Bally have plans to change so that it does meet all of the requirements of IHRSA Member clubs?"

Hillman - "We have recently done that. Most of our clubs now have certified trainers, all CPR-trained. We intend to require all to be certified by the end of this year. My answer to you in respect to IHRSA is that if IHRSA would have us, I would be honored to be a part of IHRSA. If IHRSA members still have a bad taste in their mouth from days gone by in regard to Bally, I can't do any more than to put out an olive branch and hope

(See *Hillman* page 10)

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AAC... "We're Here To Work"

...Hillman

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that people recognize that this is a much different company today. And, work with IHRSA leaders in a cooperative way if other IHRSA members will not have us as part of the organization. I've been in close contact with John McCarthy, Alan Schwartz and several of the other leaders of IHRSA. I am happy to cooperate. On every issue so far that I am aware of.....we are of a like mind. There are many issues out there where IHRSA itself is not of a like mind. And, I fall somewhere in between on many of these issues between the extremes of the organization. I've not yet found something where IHRSA wants to do something one way and Bally wants to do it another. It's just not something that exists anymore. Certainly, with me in this position, I don't believe it will exist. As I have told John McCarthy, if and when IHRSA is

accepting of Bally, Bally will be there. Bally will be there financially and spiritually and in cooperation and there to lead. To provide its muscle to help plow the field for everybody else. If people aren't ready for us.....I understand there has been a lot of water under the bridge over the years. There is nothing I can do about that. As Arthur Goldberg sometimes says, " You didn't put the ships into Pearl Harbor, you are just there to get them out ! " But, I am here. I can't change what has been done in the past. I can only change today. We are doing all of that. To the extent that people are accepting of us.....we will be there for you. To the extent that they are not, we will cooperate in every way we can. We have no bones to pick with anybody. We are of like mind on almost every issue that I have seen."

CLUB INSIDER - " Lee, I understand what your saying. But, like you are saying, you

can't control the past, you can only deal with what goes on from here. Can you share with us some of the things you are doing internally to deal with changing the Bally culture?"

Hillman - " We have a report where we summarize from our Executive Committee what we call ' Reported Incidents ' which are constituted by every member complaint that comes into any of our centers. The type of complaint is investigated and the report is sent out by area to each Area Director. They have to respond in writing to our Executive Committee and to our Internal Audit Group for the Executive Committee as to how they resolved the situation. In other words, if there is a salesperson misrepresenting the terms of the contract and there is a complaint, we have to get back a report about what action they took against the salesperson, whether the person has been suspended, terminated, etc. I get a report every single month as does everybody on the Executive Committee detailing this. I'll tell you what.....the number of incidents is reduced dramatically."

" Another important thing that we are doing is in the area of human resources. Harold Morgan, our Director of Human Resources, has developed an Affirmative Action Program and a human resources program that we think will not only benefit Bally Total Fitness, but we think, can benefit the industry nationwide. It has been a major effort of ours. I was the first person that Arthur Goldberg hired when he came to Bally. Harold Morgan was the first person I hired under me. What I found when I got here six years ago was a company on the health club side that had 18,000 employees and no human resource function. Human resources in this business, which is essentially a retail business, is, if not the first most important thing you do, next to finance, it's the most important thing you do. Because, you've got nothing but people. Sure you've got buildings. The buildings show up for work everyday. And, the building does not get pregnant. The building doesn't hold somebody up. And the building doesn't take drugs. And the building doesn't discriminate. The buildings are there ! You better watch out who you are hiring, how you screen them, how you train them, how you treat them.....you know, then you also take the next step over to the membership. It is something we apply everyday. We monitor our own statistics on Equal Employment Opportunity issues across the country. We make sure our numbers run well ahead of national statistics. Our

employees reflect our customers. The answer is that you have to find the best and smartest people, I don't care what color or what religion they are or what anything. And, you've got to find the best customers....people that will pay their bills for the services you provide. Everybody's money is green. To me, business has no color. No anything. No religion. We are here to be civil to everybody. To respect the personal dignity of others and to make money for our shareholders. That's what we are all about. You can't do that by running a business the way some operators have in the history of the business. What can we do? I think Bally Total Fitness can help the industry in this area now."

CLUB INSIDER - "

There are a lot of club operators, just like the guy that shut down here recently leaving 60,000 members outside, who have nothing more than a 'slam-dunk' mentality. How do you feel about prepaid memberships ? "

Hillman - " They take all the payment up front, which is what I find is the worst thing that has gone on. I just saw where one of our competitors in South Florida has been offering their members that sponsor three fully prepaid memberships on this referral program a lifetime renewal for \$1 per year. I mean, I've got to tell you, I don't know what IHRSA thinks about that, but this guy is an IHRSA member. My guess is that you don't want to stay in business very long ! "

CLUB INSIDER - " In terms of legislative interference, I would like to ask your opinion of a proposed law in Georgia where health club members would be allowed to cancel their memberships at any time, for any reason, with a 30-day written notice. What do you think of that proposal?"

Hillman - " My thought is that it is a risky thing for business in general. I don't want to focus here on just the fitness center business. It is risky for legislatures to govern that contract law is meaningless, just as a matter of policy. Once you are saying that contracts in any particular business have no meaning, then you are saying that contracts in general have no meaning. It's just ridiculous.....that kind of a movement is reactionary to a specific problem. My guess is it was a reaction to the guy that just shut down there."

CLUB INSIDER - " What would you see as the three biggest internal challenges you face in the next five years ? "

Hillman - " I guess number one would be to evaluate the people within my organization and insure that the people that I have are the best and brightest and de-

serve to be part of the company. Secondly, is to make those people understand that they can accomplish my goals and their goals for this business to succeed. Third, as part of that accomplishment, to use their efforts on all of those items that we talked about today in terms of customer service, good business practices and to create a momentum where people at the grass roots of this company really provide the momentum and impetus for further improvement of this company. It just becomes part of the culture at that point."

CLUB INSIDER - "

From an external point of view, what are your three biggest challenges ? "

Hillman - " One is getting the financial market to understand where Arthur and I intend to take this company. That we can accomplish what we are talking about. We have the plan. We see the mine field for what it is. We have the map to get through the mine field. Secondly, to broaden the expectations and the understanding that the consumer market knows what our company has become and will become down the road. That has to deal with broadening the services we provide and the products we offer. Third, from an external point of view, I hope to work with the industry to preserve those things which are, I believe, fundamental to this industry and vital to it, in terms of fair competition, as it relates to not-for-profit organizations, whether it be hospitals, governments, charitable organizations or whatever. And, to preserve the future of this industry any way that I can with Bally to lead that effort. Those would be my three items."

CLUB INSIDER - " In terms of a five-year scenario, where would you like to see Bally Total Fitness in the next five years ? "

Hillman - " I certainly want this to become a very service-oriented company where members perceive that they are being treated not only fairly, but with dignity and graciousness by my people. I want our people to feel that they have very satisfying jobs because they are in an environment where people are doing things that make themselves feel better, look better and as a result of that, the interaction between my employees and my customers is one of generally a favorable situation, far more favorable than it is today. That the services that we provide members have broadened considerably beyond what we offer today. That as a result of that, we are able to provide services to the rest of the industry. And, because of Bally's success generally, that's not as a result to taking market share, but growing the market, the industry (See Hillman page 11)



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Consider the comments by Mr. John Spannuth, President/CEO of the United

...Hillman

continued from page 10

as a whole is flourishing. And Bally's reward for that is that we can earn some additional fees and profits from our otherwise competitors as a result of providing them with the most economical services so they can turn around and make profits in their own business. That's really what I would like to see. I think we can be doing this not only nationwide, but offshore and around the world."

CLUB INSIDER - "Lee, you've provided our readers with a truly 'Insider' look at Bally Total Fitness and your dreams and plans for the organization. I appreciate that and thank you. Could you close this interview with a final comment directed to our readers?"

Hillman - "I realize as much as anyone that I have a challenge ahead with this company. It is certainly our intention to be the finest citizen this industry has ever seen and that no one in this industry should look to Bally Total Fitness as a threat. In fact, our vision for BTF is through its success that the whole industry benefits and flourishes because of that. We certainly don't view the

States Water Fitness Association, "Aquatics in this country needs a shot of Pizzazz and the MaxaWave® can provide that. We need to continue to come up with programs and products which will help to excite all kinds of people about being in swimming pools. The MaxaWave® can help to enlarge target market groups and help to provide increased revenue for pools. After swimming in the Albany, New York YMCA pool that includes a MaxaWave®, I am convinced that this product can give existing pools a real jump start. The competition will learn very rapidly that they are behind the times if they don't have a MaxaWave® in their pool!"

The President/CEO of the Capital District YMCA in Albany, New York was equally impressed with the new MaxaWave® system recently installed in the Albany YMCA. He comments, "For 19 years I have been searching for a way to bring FUN into our swimming pools. My quest was to add value to family members and kids who would look to our swimming pools as a unique attraction to our YMCAs. I finally found the answer in the MaxaWave®. It's a wave generating system for closed tank swimming pools that brings life to the space and smiles to the faces of kids and families in our YMCA. MaxaWave® is the strongest recruiting and retention tool for youth and family membership I have ever come across. It adds value and provides other opportunities for revenue producing as well."

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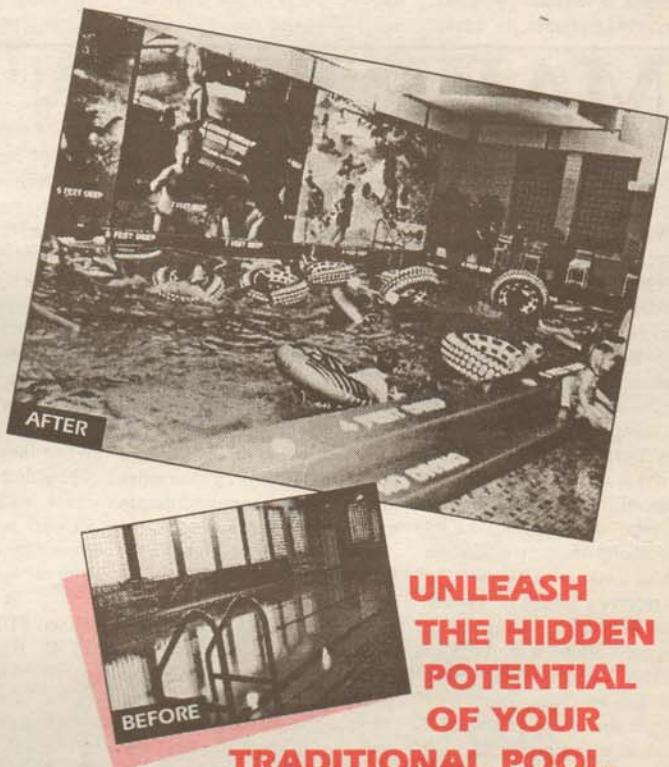
industry as a threat in terms of good operators and we don't see any need for the industry to view us as a threat. Our goal is to be the finest of citizens in this industry. That is really the most important message. We don't intend to gain our success on the low road here."

CLUB INSIDER - "Do you have any kind of Advisory Board consisting of experienced club business people?"

Hillman - "I've only been in this position full time for 90 days. In that 90 days, it was just 11 days ago since I sent one of our newest people out into the world to formulate that Board. It is something that we want and insist upon and we are going to put an Advisory Board together. I've hired Jason Conviser to coordinate that effort and others for me. Jason and I grew up together in Evanston, Illinois. We went from grammar school through high school together. I expect to be able to provide you with the names and details of the Board by the end of the third quarter...by the end of the summer."

*(Norm Cates, Jr. is the Publisher and Editor of The **CLUB INSIDER** News, the 1st President of IHRSA and a co-founder of the Association and a 23-year veteran of the health, racquet and sportsclub industry.)*

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*** Prepare a scan card on everybody you speak with and follow-up with them.

*** Follow every lead no matter how futile you think an individual chance is. Many

times you will be surprised.

*** Make 30 phone contacts per day. If you are now making half that many, you will soon double your sales.

*** Follow-up your renewals aggressively. Don't be discouraged by abruptness or put off by a refusal. Some members may have things they don't understand and frequently a simple explanation is all that is necessary. It is our duty to inform

them so they can make an accurate decision.

*** Be bubbly and positive in your attitude. It will cost you nothing, but a little effort, and will increase your sales.

*** Don't take NO for an answer. Find out what their true objection is. Always make a minimum of three good appointments for yourself each day. The more you make, the more you sell.

*** Make your follow-up

calls to members. Don't miss or skip any !

*** Stay busy while you are on duty. When you hang up from one call, don't put the phone down - begin dialing the next one immediately. Make notes while on the phone, don't wait until you hang up - it's easy to become distracted and forget what you meant to write.

*** Give out your guest pass/business cards everywhere.

You never know where you will make a sale, or gain a prospect.

*** Listen to and read everything available on fitness and sales.

*** Sell benefits, not price! Have fun and your members will too !

We never see the target a person aims at in life; we only see the target he hits.

'MAKE IT FUN' TESTAMONIALS

SUSAN SCHONBERGER, Program Director, MILESTONE FITNESS CENTER, Louisville, Kentucky. Susan is considered the club entertainer in her role as Program Director. She uses a number of Holiday costumes and facility decorations to show the members a good time. At Christmas, she dresses as a Christmas Tree, complete with a plug for the lights. During the Halloween season, she is a witch. She promotes an annual 'Wild Turkey Fitness Challenge' during the Thanksgiving weekend where members that workout a minimum of 4 out of 5 days receive a Turkey sticker and a special shirt honoring them. They must attend a workout on Thanksgiving morning to receive the honor. For New Year's they decorate the club and the staff dresses in Tuxedos. For the staff they have front desk luncheons and each staff member is entitled to have a spouse or significant other on membership for free so they can have fun at the club together.

TIM RHODE, Founder and President, MARYLAND ATHLETIC CLUB & WELLNESS CENTER, Baltimore, Maryland. Tim comments: "This is one of the biggest challenges that our industry faces. The nature of exercise is one that people perceive as work. In fact, they don't call it a 'work-out' for nothing ! I think that's a pretty big hurdle that we've got to overcome in the market. IHRSA studies say that 83% of the American public believes that regular exercise is essential to their physical and mental well being, but less than 25% are participating.....there is your answer ! They can say it's time (constraints), they can say it is anything else, but if it were more fun, I guarantee that number would be substantially differ-

ent. So, there is a big challenge. The only way to fix it is one club at a time. We've felt for a long time that happy staff makes for happy members." Tim has one of the industry's top professionals, Laurie Cingle on board as the club's Wellness Director. (Laurie was IHRSA's Fitness Director of the Year a few years ago). Laurie has set up a program called 'Team Trek' where groups of four members team up and compete against other teams by logging their miles and other accomplishments around the club. This 'Team Trek' concept has been instrumental in getting nearly 100% of Tim's staff exercising on a regular basis. Laurie has also set up a very unusual program called 'Dog Walks' where every Sunday morning she meets a group of members at a local park for a 2 hour walk with their dogs ! Sounds like fun ! She has installed a Fitness Challenge for members which are divided into groups by age and fitness levels. The score is kept on a series of 10 different exercises. Parties are also in the picture at Tim and Liz's Rhode's club. Their Grand Opening was a great success with 600 people attending. Tim believes in investing in sending key staff members to IHRSA Conventions and MACMA Conferences. He also has in the past taken staff on sailing cruises and ski trips. Tim has installed CardioTheater in an ampitheater format and has installed the Life Fitness ABC Bike Classes which he says is generating a lot of fun and his members rate it as the best exercise at his club.

GREG LAPPIN, General Manager of the huge ROCHESTER ATHLETIC CLUB in Rochester, Minnesota, a 195,000 square-foot facility on 35 acres shares this experience. "Once I told all of my key managers that we were going to go out for 'fine

dining' for lunch. We all went to a food court at a local mall and I bought lunch for them. We were having some laughs about my idea of 'fine dining' when I pulled out an envelope after lunch with a \$100 bill for each of them. I told them they had the next two hours to shop and that they had to spend at least 70% of the \$100 on gifts for themselves. They were really surprised and had a great time shopping. When they all returned, we did 'show and tell' sharing our purchases with each other. Then we all went back to work. It was a great surprise for them and caused a lot of 'team spirit'!"

KAREN WOODARD, owner, PULSE FITNESS CENTERS, Boulder, Colorado, has a yearly event for Thanksgiving called, 'The Pre-Pigout Workout' which is great fun and every year draws 125 people in attendance. The Pulse also conducts classes they call 'Sunshine Step Classes' where they take the class to the parking lot with a big sound system and it generates a great deal of fun. It is usually held on Saturday morning at either 8:15 or 9:45 class so it is not too hot. It is a great promotion because the club is on a main thoroughfare. Pulse also offers 'Sampler Classes' which gives the prime time 'regulars' a feel for the variety of the other classes and instructors. Members love the change of pace. Woodard hosts several parties and socials for members using trade outs with local restaurants for food and beverages. She hosts one big summer party to wrap up the summer referral program. That party is called: "The Referral Fiesta - Fiesta." The big party is held in a park leased for the day in Boulder and features catered Mexican food. There is skating, volleyball, softball and a kids play area as the event is for families. It is very successful with 600 attending every

year. The members really appreciate it. The focus now is on daily types of things to make it fun for members. Woodard comments, "Part of our mission statement is that our staff should play with the members. We have now developed quarterly programs which are intended to integrate the staff with the members in various efforts. For example, right now we are running a program called: "Stick To Fitness" which rewards the members with a special sticker for each workout they do. We have an awards program for the winning teams and we gave the awards out at an ice cream social. The program we are running right now is called 'Spring Training' where everyone can be an athlete. Members register for different activities that they are interested in. They are then paired up with a buddy that is also signed up for that program. You get to know somebody else in the club. We have special clinics for those programs so these programs are all completely free. Then, each program culminates at the end of the quarter with a party. We are really excited about our third quarter program. It's called Adventures In Fitness and it will be a program where we have outdoor program happenings that are more adventurous than your regular fitness program, but we coordinate them with how you would train for them in the club. The culmination with this particular program will be a 'Suitcase Party.' Everybody that enters the program and get their points for it will be eligible to attend this party. When you come to the party, you need to bring a suitcase packed for a trip because somebody is going to win a trip to somewhere and they are going to be taking off from that party. It will be a warm weather vacation for a long weekend. Our staff has incentive

of receiving a \$100 bonus by having the most members with the most points."

TORY ALLMAN of FROG'S, Solana Beach, California comments, "The whole concept of Frog's is that we are trying to give our members a FUN place to work out. We do visually fun things like displaying the art work of local artists. We have antique motorcycles on display in our Solana Beach and Encinitas locations. Our newsletter is packed with fun and wit and is called: "Frog Droppings." Throughout the club we have signs posted which say things like "Mother says put your weights away!" along with a photo of a motherlike lady. We have color coded our different lines of selectorized machines, making them more user friendly. We have celebrity guest aerobics instructors. Posted on our wall is a "Hop Across America" chart where members can log the miles they total on bikes, treadmills and stairclimbers. Our big annual Holiday Party is North County's biggest social event of the year. We move every single piece of equipment onto the back lot, decorate the club like a nightclub and bring in a 14-piece big band. We put up tents in the parking lot and the whole place is covered with people with over 1,000 attending the last few years. When the party is over at about 1:00 a.m. we bring in a crew and clean the club and have every single machine and weight back in place ready for an 8 am opening the next day ! We have exercise classes on the beach called "Boot Camp" and "Beach Adventure." Plus we offer sand volleyball and rock climbing at our Encinitas location. Our staff has a lot of fun working here. We have company parties with tennis, racquetball and swimming at our Mission Valley location and we have 'Slosh Ball' games which are basically softball (See *Testimonials* page 16)

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Top Sales Producers: What They Have In Common

By Stephen "Doc" Doeren, Ph.D.

(Part III of
a 4 part article)

In Part I and Part 2 of **TOP SALES PRODUCERS: WHAT THEY HAVE IN COMMON**, a total of 10 of "The 20 Golden Rules to Super Successful Sales" were presented. They were: (1) Prospect, Prospect, Prospect!; (2) Be Persistent; (3) Look the Part: Use What You Sell; (4) Be Resilient; (5) Don't Work Alone: Recruit an Army of Referral Agents by Providing Excellent After the Sale Service to Your Members; (6) Constantly Work on Improving Your Sales Skills: The More You Learn, the More You Earn; AND Then Making the Cus-

tomer Truly Believe That His or Her Fitness Dreams Can Be Realized; (8) Benefits, Not Features; (9) Know the Competition: Develop a Competitive Market Analysis; and (10) Become Fluent in the Language of Sales.

In Part 3, 5 more of the "Golden Rules" which top sales producers embrace will be introduced.

The 20 Golden Rules to Super Successful Sales (Continued)

11. Selling Versus Telling

Do you ever recall saying: "Don't tell me what to do"? Why did you say that? It was probably because you resented the

idea that somebody was trying to force you to do something, wasn't it? Even if you agreed with what they were telling you, you resisted them because of how they packaged the idea - they were trying to shove it down your throat.

Well, customers are the same way. They simply don't like being told what to do. Instead, they prefer being sold on what to do. What's the difference? The difference between telling a customer what to do and selling a customer on what to do is nothing more than the difference between making statements to or asking questions of the customer. Top sales producers recognize that to be successful in sales it is imperative to learn how to ask the customer relevant and timely questions and, in return, to get the customer to respond with answers that will lead the customer to a positive buying decision. Most importantly, the customer will feel good about the decision he or she has made. Top sales producers realize that this is a much more persuasive and far less offensive strategy than telling the customer what to do. Why? As the old saying goes: "If you say it, they can doubt it; but if they say it, it is true."

Despite the important distinction between selling and telling, the vast majority of fitness counselors (salespeople) have little knowledge of and even far less skill in using selling techniques like tie-downs, alternate-of-choice questions, porcupines and involvement questions. I dare say that it would not be an exaggeration to say that the use of such selling techniques by fitness counselors has become a "lost art." By contrast, top sales producers are keenly aware of the effectiveness of using such questioning techniques with the customer to establish and maintain control of the conversation, acquire much needed information, identify areas of interest, arouse emotions, isolate and answer objections and receive minor agreements - all which increase the likelihood of getting a guest started on a membership. Top sales producers continually practice these selling techniques until they become second nature. They are incorporated into each and every sales presentation with great

success. In short, top sales producers sell, whereas average sales producers tell.

12. Selling is Not an Adversarial Relationship: It is a Win-Win Relationship for Both the Customer and the Salesperson

From a relationship standpoint, selling health club memberships is a remarkably simple concept. When the customer comes into your club he wants to get his fitness goals satisfied. The salesperson, on the other hand, wants to get a fee for service (commission) for helping the customer do so. Realizing the simplicity of this arrangement, it is difficult to comprehend why and how so many salespeople botch the selling process.

What goes wrong? For one thing, far too many salespeople put their desire for a fee for service ahead of a concern for satisfying their customer's needs. In other words, the salesperson becomes so wrapped up in getting what he wants, that is, a fee for service, that he forgets about helping the customer get what he wants, that is, having his fitness goals accomplished. Simply put, average salespeople tend to have "blinders" on — they only see the selling process as a means to get them what they want; somehow they become oblivious to the wants of the customer. Don't misunderstand me. I am certainly not saying that there is anything wrong with making money in sales, far from it. In fact, the capability of making a lot of money is one of the strongest attractions which draws people into sales. Top sales producers tend to be very "hungry" — they are driven and one of those driving forces is usually a quest for financial security. However, unlike average salespeople, top sales producers realize that the best way to get what they want is to set aside their personal concerns for commission (fee for service) and to concentrate totally upon getting the customer what they want. By doing everything possible to satisfy the customer's wants (needs), the salesperson maximizes his chances of getting the sale which, in turn, will get him what he wants. So, so simple. Yet so many salespeople insist on putting the cart (their wants) before the horse (the customer's wants).



"Doc" Doeren

In addition, many salespeople mistakenly view selling as an adversarial relationship in which a sale is counted as a "win" for the salesperson and as a "loss" for the customer. From the moment the salesperson encounters the customer it's as if he envisioned himself in the center of a boxing ring with the customer and the ring announcer said: "Let's get ready to R-U-M-B-L-E !!!" Selling is not like boxing where you have two determined opponents bent on defeating each other — where there is one winner and one loser. Top sales producers understand that it is imperative to adopt the perspective that selling is a win-win situation. The customer is not the salesperson's opponent or adversary. He is not somebody the salesperson is trying to beat or defeat; far from it. The salesperson has a vested interest in making sure that the customer wins, that is, that he gets what he wants. By persuading and convincing the customer that he will get what he wants, that is, his fitness goals accomplished, the salesperson will get what he wants, that is, a sale which results in a fee for service. Remember: if the customer wins, the salesperson wins; if the customer loses, the salesperson loses. It just can't be made any simpler: the satisfaction of customer and salesperson wants are inextricably intertwined. And, the best way to make sure that this happens is for the salesperson to put the customer's wants before his wants.

13. Don't Prejudge Your Customers

There is a tendency amongst salespeople to "size-up" the customer, that is, to form an (See Doc Doeren page 23)

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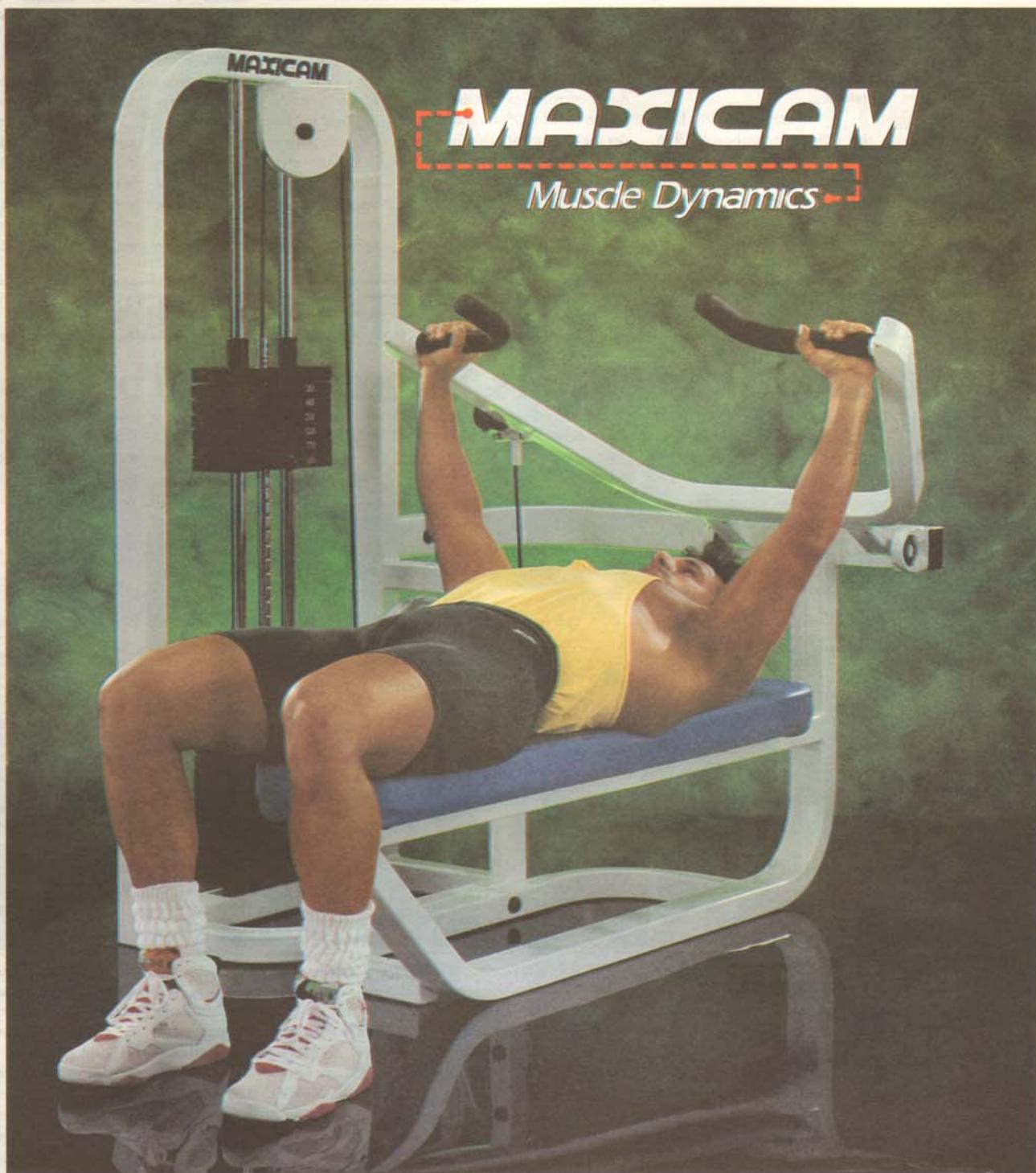
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LIFETIME FITNESS AGREES TO PAY PENALTY FOR MISLEADING ADS

M inneapolis/

St. Paul, Minnesota - Life Time Fitness, one of the largest health club organizations in the Twin Cities area, will pay a \$100,000 civil penalty and change its advertising practices under a settlement with the State according to the Attorney General's Office.

The chain of nine Twin Cities health clubs ran a series of advertisements for more than a

year touting "special" offers on fees and dues that were clearly deceptive, Attorney General Hubert Humphrey III said in a statement.

From June, 1995 through December, 1996, LifeTime claimed to offer new members huge discounts available only for a limited time, Humphrey said. In reality, LifeTime repeatedly offered the specials to create the impression

that consumers must act quickly to obtain the rates, he said.

An investigation found, for example, that nearly all new members paid less than the full initiation fee of \$395, he added. Under the settlement, LifeTime must demonstrate that costs for all future specials are at least 15 percent less than the average price paid by its members.

"This settlement is about ensuring responsible, fair and honest

advertising," Humphrey said. "The health club market in Minnesota is highly competitive and we intend to ensure that businesses compete on a level playing field for new customers."

Although legally binding, the settlement, filed in Ramsey District Court, does not constitute an admission that state law was violated. Such an arrangement is common practice when the Attorney General is trying to get a company to change its behavior.

The health club's attorney, Warren Spannaus, contended LifeTime didn't break the law.

"LifeTime settled to avoid costly litigation and to move ahead with its business, but believes its introductory offers were legal, proper and saved consumers money," said Spannaus, who preceded Humphrey as the State's Attorney General.

BEN EMDIN ELECTED IHRSA PRESIDENT

Fernandez, Landers and Myers Named to Board of Directors

Boston, Ma. - Ben Emdin, President/Partner of the East Hills Athletic Club in Grand Rapids, Michigan, has been elected President of the International Health, Racquet &

Sportsclub Association (IHRSA). His one-year term commences on July 1, 1997.

Three club leaders also will begin three-year terms on July 1 as members of the Association's Board of Directors.

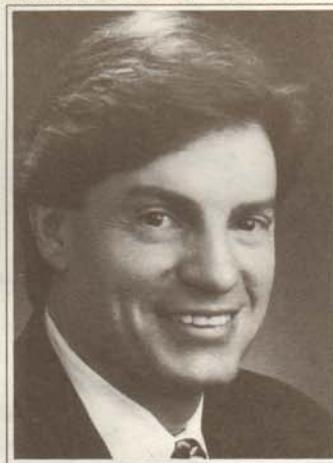
They include: Nestor Fernandez, Regional Manager of Western Athletic Clubs in San Francisco; Gale Landers, President of Fitness Formula in Deerfield, Illinois; and Mike Myers, owner of the Old Town Athletic Club in Alexandria,

Virginia. They will replace outgoing Board members Frank Napolitano of the Highpoint Athletic Club in Chalfont, Pennsylvania; Carl Porter, President of MedSport Enterprises, which manages two Michigan Athletic

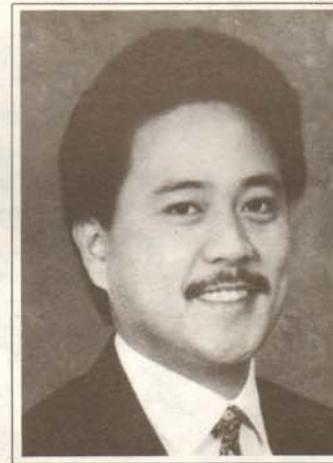
Clubs in East Lansing and Grand Rapids; and Steven Schwartz, Chief Operating Officer of Tennis Corporation of America in Chicago.



Ben Emdin



Gale Landers



Nestor Fernandez



Mike Myers

Testimonials

continued from page 12

with a beer keg at second base. We go on hiking outings together and do things like rope courses to build teamwork. "We think that having a happy staff is one of the keys to this place. Staff sets and reflects the whole mood of the club. If staff is having a good time - the members are going to have a good time. We tell staff here that this job can be as fun as you make it!"

JOHN O'DONOVAN, General Manager, PACIFIC ATHLETIC CLUB, Redwood City, California comments, "Part of the Western Athletic Club philosophy is to 'Make It Fun' for members

and staff. We believe that fun is integral to what we do. We employ a full-time Program Director that coordinates all of our activities and events (activities like white water rafting and scuba diving trips for members) we have 6 golf events each year, group trips to the theater, sporting events like the San Francisco 49ers games, a full array of kids Summer camps, a parents night out and summer BBQ and SuperStar Games. In March we have an Annual Awards night which is a party for about 150 staff members. During the event department heads introduce the nominees for the PAC Employee of the Year Award and then we announce the winner. Each employee receives a special long

sleeve shirt. The winner receives a plaque and a reserved parking space next to the club. (This is particularly exciting because all staff must park three blocks away and walk to the club!). We have quarterly outings for the staff. Our club has a white table cloth dining room which doubles as a function room for events such as golf lectures for women, comedian nights and we host six new member socials per year in that area. Each summer we have our anniversary party which we expect to see over 2,000 in attendance this year. The theme for this summer's party is Adventure In Paradise. We will have 3 live bands providing a variety of music plus great food and beverages. Our club's combined revenue is \$8 mil-

lion for the club and \$2 million for the food and beverage department. Things are going well and it is really fun to work here!"

STEVE BARRY, 15-year club veteran and owner of KING'S GYM COMPLEX in Webster, N.Y. has several individuals, groups and local businesses participating in a community-wide walking/exercise program. The program is hosted by King's Athletic Club, which Barry owns. Barry initially offered the four-stage program to the members of his club. After the instant popularity and overall results, Barry began to encourage the entire community to participate. More than two hundred individuals have begun the program and

recently hundreds more from the local community have joined the walking program. Barry's four stage program is intended to get as much of the community thinking about their health and actively participating as possible. He believes those getting proactive in health through a fun and easy way will take the initiative. The community walking/exercising is receiving fantastic media coverage and giving the club a fresh image of fun. The community now identifies the club in a more health conscious and personal way. To get the community at large involved took some "stages." Barry recently won Sales Makers "Promotion of the Year" award for the four stage program and is now marketing the program nationally.

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Gary and Mary Streeter,
Andover, MA



TENNIS IS NOT JUST 'TENNIS'

By Spike Gonzales

Club operators and tennis professionals are faced with the challenge of selling tennis to the legions of prospective new players coming to the game from the "new player initiatives" of the Tennis Industry Association and the United States Tennis Association. We should all be sensitive to the nuances of this function.

There are three important principals related to selling our sport to newcomers. First, we should be cognizant of the fact that the newcomer has very little awareness of what the product of tennis is. Second, we should be sure our own staff is knowledgeable of the unique aspects of the game; and third, we need to provide the means for our newcomers to be able to articulate in their own minds and to others the benefits and value of the game.

Unlike buying cars, household appliances or clothing, those potentially "buying" the sport of tennis have very little knowledge of what the game can do for them, or how the activity will "feel". "Buying" the sport of tennis is more like "buying" into computers. Those who don't know much about them are not usually very interested. Only when they start using the product do they realize they can master it and see what it can mean for them.

In fact, most prospects for the sport, like most neophytes with computers, often have huge misconceptions about the product. I've

seen hundreds of newcomers, for instance, who think the fun of the game is founded on beating other people; rather than realizing most of the fun comes in the process of self-improvement and in the social and rallying interactions with others. Similarly, I've heard older folk say they couldn't possibly play tennis, that what they see on television is much too rigorous for them. They don't realize the game may be played at great variances of physical ability and exertion.

Often our own staff and players do not realize the aspects of tennis giving it unique value to its enthusiasts. What's worse, they may even "apologize" for the game in its perceived shortcomings to our other fitness activities. Heck, we all know tennis is not "aerobic," at least for the majority of players. And we all know tennis doesn't "sculpt" the body like free weights do.

However, do our staff members appreciate that the vast majority of tennis players are way ahead of the rest of the population in weight management and longevity? And this is probably the case even taking into account the portions of our population who have tried more rigorous forms of fitness activities!

We should be sure our staffs appreciate the fact that tennis is "exercise in disguise." It is, firstly, "dynamic exercise" coordinating all the muscle groups and providing for activity that improves one's balance, flexibility and stamina. It secondly ties in

the mental with the physical, requiring mental exertion and alertness along with the complex physical movements. Accordingly, it is being shown by modern researchers that tennis as an "acrobatic" activity helps elongate mental acuity and psychological positivism through our lifetime.

Moreover, because tennis is "fun", it provides its own inherent motivation for its participants to keep at it longer and more frequently. While it may be a struggle to discipline one's self to three 20-30 minute workouts a week in the fitness room for physical health and weight management, the tennis player is highly motivated to play for hours at a time twice as many times a week. The effect: the typical tennis enthusiast burns many more calories along with his or her regimen of dynamic and mentally beneficial exercise. It's no wonder tennis players have slimmer waist lines than the average person! And it's no wonder that "senior" players are very vital into their eighties and nineties, while their non-playing friends and spouses are sedentary and reclusive!

Does your staff further know that gravity-fighting activity like tennis keeps bones stronger into the later years, slowing down the onset of osteoporosis? The proverbial fall-and-brokenhip of the elderly woman is prevented both by the stronger bones and the sense of balance and coordination provided by tennis.

Famed tennis teacher, Dennis VanderMeer, takes the is-

sue a step further, pointing out that we hardly ever see older tennis players who have lost their physical stature. The constant gravity fighting exercise of the game helps prevent or retard the common "hunching" of our skeletal system as we get older.

Tennis is a "compact" sport. Unlike golf or skiing, you can get completion in less than two hours. It is inexpensive. It's "portable". You don't need a lot of equipment, and virtually every country in the world has courts. It provides social interaction, bringing people together of all ages and backgrounds. As such, it's an activity grandparents can do with grandchildren.

The benefits of the game go on and on. Unfortunately many of our staff just see tennis as "tennis", not appreciating its uniqueness and universality. It's a worthwhile exercise in staff meetings to "brainstorm" on what the game's benefits are. In their daily interactions and club publications they can better relate these benefits to our prospective new players and help existing players effectively articulate the value of the sport to others. You are positively affecting your tennis market as new and old players are given the ideas and words to take to



Spike Gonzales

their homes, workplaces and social gatherings.

(Spike Gonzales has been building tennis markets since 1971. He was a prime developer of Tennis Corporation of America's® "Tennis In No Time"®, and an advisor to the USTA in starting Play Tennis America. An influential member of the USPTA, USTA and IHRSA, he helped bring those organizations together to found the National Tennis Rating Program. He presently serves as an advisor to Tencaps, Inc., a USPTA - endorsed tennis rating system, and consults with clubs wishing to improve their marketing, management teams, and tennis professionals. Spike may be reached at: (941) 774-2442.)

24 HOUR FITNESS BUYS GOLD'S GYMS IN OREGON AND WASHINGTON

Pleasanton, Ca. - The nation's largest privately owned fitness center chain just got bigger.

24 Hour Fitness has expanded into two new states with the acquisition of seven Gold's Gyms in the Portland, Oregon and Vancouver, Washington areas. The company now has a total of 148 clubs in seven states - California, Colorado, Hawaii, Nevada, Oregon, Texas and Washington - with more than 1.2 million members nationwide.

"Expansion into Oregon and Washington is tremendously exciting for our young company," said Mark Mastrov, President and

CEO of 24 Hour Fitness. "Our priority - as we continue to grow - is to provide our members with the highest level of service, facilities and operations possible. The acquisition of Gold's Gyms in the Portland and Vancouver areas allows us to do so, and is a natural step in our continued growth. This exciting move has also added a great management team led by Gene LaMott, which enables us to continue to carry the 24 Hour Fitness brand nationwide.

"It's an honor to join the 24 Hour Fitness team," said LaMott, previously President of Gold's Gym and now the Northwest Area Director for 24 Hour

Fitness. "It's a wonderful opportunity to provide even greater service to Portland and Vancouver members. We have an established community here, which will continue to grow with 24 Hour Fitness.

24 Hour Fitness will upgrade all the acquired fitness facilities, bringing in over \$250,000 worth of new equipment including: top-of-the-line cardiovascular and strength training equipment, aerobic programs, spinning classes, treadmills and weight equipment. Gold's Gym memberships will automatically transfer to 24 Hour Fitness and members may use any of 24 Hour Fitness' 148

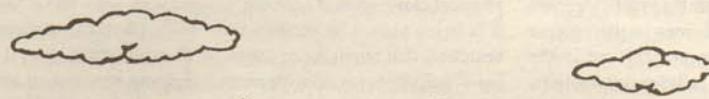
clubs.

The acquired gyms will add 250 employees and almost 30,000 members to 24 Hour Fitness' ranks. Formerly owned by Portland - based Northwest Fitness, Inc., the newly acquired Gold's Gyms are conveniently located in: Beaverton, Clackamas, Hollywood, Northwest Portland, Tanasbourne and Tigard, Oregon and in Vancouver, Washington.

Responding to the needs of its members, 24 Hour Fitness offers extended amenities such as on-site baby-sitting, children's activities, personal training and fitness counseling.

The company is distinguished by offering heavily equipped facilities with top-of-the-line cardiovascular and strength training equipment along with state-of-the-art exercise and aerobic programs. Purchasing exercise equipment from every major manufacturer in the world, an average 24 Hour Fitness facility houses over 200 pieces of exercise equipment and more than 80 pieces of cardiovascular equipment.

Established in 1983 and based in Pleasanton, California, the company's mission is to enhance people's lives through exercise.



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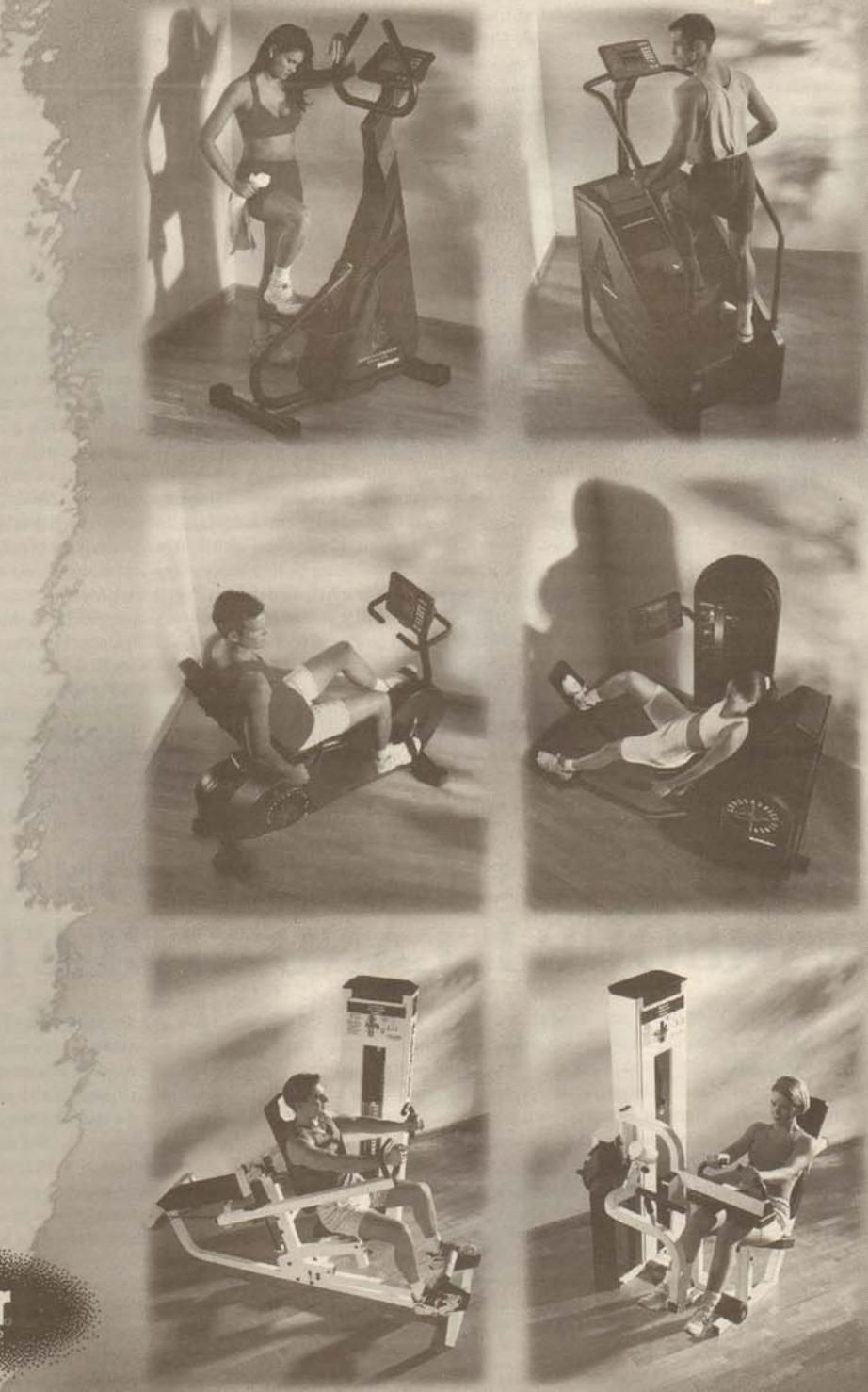
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NEIL SOL'S HEALTHCARE CONNECTION GIANTS JOINT VENTURE

By Neil Sol, Ph.D.

Two giants of their respective industries, health care and health clubs, have joined forces to develop a for-profit, integrated health and fitness center. The facility, the Sinai WellBridge Health and Fitness Center, was developed due to the awareness by both organizations of the current care trends facing the nation. The facility is dedicated to extend the continuum of health care and to generate significant non-traditional profit. This joint venture is testimonial that this opportunity is possible for any health club and/or health care institution interested in the success of their future.

The Sinai WellBridge Health and Fitness Center is located in the northwest corridor of Baltimore, Maryland. It is a joint venture of the Sinai Health Care System and The WellBridge Company.

In 1984, realizing the future demands in the area of prevention, Sinai Hospital entered into the health club/wellness business by leasing one of the Merritt Athletic Clubs in Baltimore. Sinai Hospital proceeded to develop this mostly racquetball facility into a then cutting edge hospital-based fitness/wellness center.

In the early part of the 1990's Sinai Hospital continued its focus on health and wellness. They viewed prevention/wellness as an important part of their continuum of

care and as such, Sinai Hospital's goal was to expand its wellness effort by building and locating a flagship fitness/wellness center that was a model facility integrating commercial fitness with clinical health care services. In an effort to keep in the forefront and look at methods to expand their involvement in wellness/prevention Sinai Hospital utilized the services of the Benfield Group to help them evaluate their current fitness/wellness operation and possibilities for future expansion.

The Benfield Group, led by Jeff Bensky, immediately recommended that Sinai Hospital's current wellness facility was in need of an experienced operator, and recruited Darrell McKay to manage and direct Sinai Hospital's fitness/wellness facility and to expand its programming. With the aid of McKay and the Benfield Group, Sinai Hospital began a search for a club industry partner to build a "state of the art" fitness/wellness center. Charged with this directive, McKay and the Benfield Group located WellBridge.

WellBridge, a subsidiary of the giant Monsanto Corporation, at the time was gaining reputation for its facility in Massachusetts targeting the mature market and for its medical research with the Tufts University on exercise with the 40+ market.

As far as Sinai Hospital was concerned, WellBridge represented an experienced partner and as a result, WellBridge was

contacted by the Hospital.

Both parties, realizing the opportunity available in a joint venture, consummated the partnership by creating a separate corporation, SinaiWellBridge, that has its own governing board that includes equal representation from Sinai Hospital and WellBridge executive teams. This was a 50%-50% joint venture where each party contributed equal capital for the development of the new SinaiWellBridge Center. In this partnership each party would receive 50% of all future profits. In June of 1996, Sinai Hospital, with the help of WellBridge, transferred and expanded its wellness program into the new SinaiWellBridge Health and Fitness Center.

One of the best and most recognized hospital-affiliated fitness/wellness centers in the country, SinaiWellBridge has gained an excellent reputation for fitness/wellness programs and integration of services such as cardiac rehabilitation, pulmonary rehabilitation, physical therapy and sports medicine with the hospital. In June of 1997, SinaiWellBridge will celebrate its first anniversary and it is anticipated that at the end of the first year of operation it will be a profitable venture. The 57,000 square-foot SinaiWellBridge Fitness Center currently enjoys a membership base of 4,300 members!

SinaiWellBridge is a limited liability corporation (LLC) funded through Sinai Investment,

the for-profit division of Sinai Hospital. SinaiWellBridge, being a for-profit entity, is a member in good standing of IHRSA.

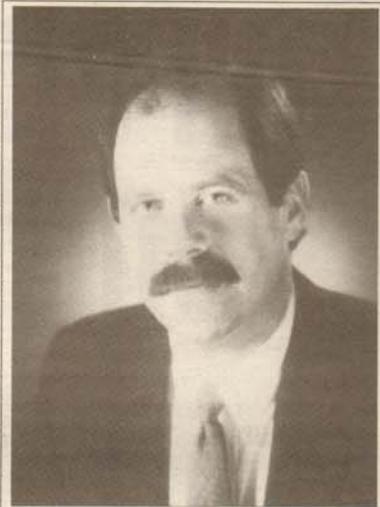
SinaiWellBridge is an example of what truly can be realized when a hospital and health club join forces. It is important to note in this example of a true health care/health club joint venture that the original overture to create a relationship was initiated by the hospital.

Quality health care institutions do see the value of this type of collaboration.

Additionally, this venture has been and continues to be beneficial for both parties, even though some club professionals believe that hospitals and clubs have different measures of success. In this case, both partners are generating new profitable revenue, a primary goal in forming SinaiWellBridge.

SinaiWellBridge has shown the benefits of integrating a membership-based business with clinical services lending a credibility to the Center that has gained the support of the medical staff, area business and the public at large.

And, finally, SinaiWellBridge represents an example of a successful joint venture between a hospital and health club because it is managed by a skilled profes-



Neil Sol, Ph.D.

sional in that of Darrell McKay. It is McKay's programming and management expertise, his understanding of the customer retention business and his knowledge of health care integration that has helped and will help SinaiWellBridge achieve its current and projected future success.

The SinaiWellBridge venture is evidence that a hospital/health club connection is not only possible, but...mutually beneficial.

(Neil Sol, Ph.D., is the President of Health Vantage, Inc., a consulting firm for the health club industry which specializes in the relationship between the health care community and health clubs. Neil is also the Director of Outpatient Services for ValleyCare Medical Center in Pleasanton, Ca. Neil may be reached at: (510) 734-0111.)

CLUB SPORTS INTERNATIONAL ACQUIRES HARBOUR ISLAND ATHLETIC CLUB

Tampa, FL - Denver-based Club Sports International (CSI) announced the acquisition of the Harbour Island Athletic Club in Tampa, Florida on June 9th. The

40,000 square-foot club and 16 outdoor clay tennis courts were purchased from Beneficial Finance, the owner/developer of the Harbour Island project, 175-acre mixed use development which is

an island located adjacent to downtown Tampa. The club's members will immediately enjoy reciprocal access to other CSI managed or owned clubs in New York, Chicago, Atlanta, Denver, Philadelphia, Houston, Minneapolis, Boca Raton and Honolulu.

CSI plans extensive renovations at Harbour Island Athletic Club in the next six months to improve the facility and accommodate the additional people as development of the island continues. Harbour Island is 40% built-out today. Office buildings and retail, as well as more residential units,

are planned for Harbour Island's 100 undeveloped acres. The expanding downtown Tampa office market is also a prime market area for the club members.

Art Curtis, Vice President of Operations for CSI, said "The future growth and development of downtown Tampa and Harbour Island was a determining factor in the decision to purchase the club. In what other major downtown city core exists a 6.6-acre athletic club with great outdoor facilities? Harbour Island is unique - it will be a great addition for all of our existing

club members who travel to Tampa in the winter, and complement our other Florida clubs in Boca Raton and Ft. Lauderdale."

Asked if Club Sports International is planning other acquisitions, Curtis replied, "We are always interested in quality possibilities and we will evaluate opportunities as they present themselves."

CSI is the largest upscale club operator in the United States and with the addition of the Harbour Island facility Club Sports International manages and owns 49 clubs throughout country.

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Doeren...

continued from page 14

opinion about the likelihood of getting the customer started on a membership based upon an almost instantaneous assessment of the customer's personal characteristics including appearance, dress and demeanor. It's as if the salesperson has his own personal psychic hotline that lets him know in advance whether or not a sale will occur. The problem is that such salespeople oftentimes become victims to their own self-fulfilling prophecies. If the salesperson surmises that the customer is a "poor" prospect for a sale, he thinks he can foretell, or prophesize, that a sale is extremely unlikely. Convinced that the outcome will be no sale, the salesperson conducts himself in such a manner that the forecasted outcome will, in fact, occur. The salesperson, convinced that he is wasting his time, does an inadequate job in qualifying the customer; fails to discover the customer's hot buttons; conducts a quick, impersonal and non-stimulating tour; establishes little, if any, rapport with the customer; makes virtually no effort to elicit and overcome any customer concerns; and initiates a half-hearted attempt, at

best, to close the customer. All the while the salesperson's body language, tone of voice and attitude suggest a clear lack of interest which is sensed all too well by the customer. There you have it! The salesperson got exactly the outcome he forecast, that is, no sale, because he was the prime contributor to it. Then the salesperson goes back to his desk and announces to all of his colleagues: "I told you so. Zig Ziglar, Tom Hopkins and Paul Tracy working together couldn't have closed that guy. From the moment I laid my eyes on him I knew there was no way I was going to get a sale." In reality, the salesperson actually sabotaged his own sale. He made sure that the prophecy he made was fulfilled by acting the way he did during the sales process.

Top sales producers never prejudge their customers. They understand that their objective is not to make personal value judgements about their customers but to do everything they possibly can to satisfy their customer's wants. With this in mind, top sales producers accord each and every guest the ultimate respect. Each guest is treated as though they are the most important thing in the salesperson's world at that moment. Every ef-

fort is made on behalf of the salesperson to make sure that the customer's needs are fulfilled. No preconceived and misplaced notions about the customer are permitted to sabotage the sales process. Top producers are equal opportunity salespeople.

14. Don't Be Content with Just Getting the Sale: Ask for Referrals at the Point of Sale

Do you remember when you bought a brand new car or when you purchased a puppy or when you made a super buy at an estate sale or an antique auction? Do you remember when your spouse got her engagement ring or when she purchased a special dress for a very important occasion? What was the first thing that you wanted to do immediately after making those purchases? You wanted to show and tell everybody about it, right?

One of the very best times to get quality referrals from the new member is immediately after the sale. Why? The new member is on an emotional high and he is anxious to show and tell his family members and friends about the great investment he just made — just like the brand new car, puppy,

antique, engagement ring or dress. Consequently, this is the ideal time to get referrals. However, there's just one little catch: just like getting the sale, the salesperson has to ask for it. If the salesperson wants to get these referrals, he's going to have to ask the customer for them. Amazingly, many fitness counselors (salespeople) just can't seem to get themselves to ask for them on a routine basis. Why? The average salesperson is so pleased with having made a sale that he mistakenly convinces himself that his job is done, although it is, in reality, far from done. Or, the salesperson feels that somehow having to ask the customer for something over and above the sale will jeopardize the sale that was just made? Or, the salesperson feels that he will be inconveniencing the customer? Or, the salesperson is fearful of another possibility for rejection?

Nonsense! Top sales producers view asking the customer for referrals immediately after the sale as a normal and expected part of the overall selling process. Asking for referrals is done after each and every sale. It is perceived as a golden opportunity for the salesperson to receive several qualified leads in

as little as 10 minutes time. Most importantly, it is viewed as a win-win situation for both the customer and the salesperson. New members will be delighted that they can share their newly discovered health club experience with their friends and relatives through complimentary passes and the salesperson is provided with an incredibly easy way to build his business. Top sales producers complete each and every sale by asking for referrals. They realize that this is the best possible way to convert each individual sale into 3 or more additional sales in the near future.

15. Use a Daily Planner to Plan and Track Your Goals and Sales Activities

On a recent consulting assignment to restructure and re-organize the practices and procedures of a club's sales staff, I was initially struck by the state of disorganization in the paperwork maintained by the sales staff. There was no formal system whatsoever in place for planning, recording and tracking the daily sales activities of the staff. Each salesperson was doing something different — there was no uniformity or standardization.

(See Doeren page 24)

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BRUNSWICK ACQUISITION OF LIFE FITNESS... COMMENTS FROM INSIDERS

(Following the announcement of Brunswick's acquisition of Life Fitness The **CLUB INSIDER** News contacted Augie Nieto, CEO and President of Life Fitness, Peter Haines, CEO and President of the new Cybex International and John McCarthy, Executive Director of IHRSA for their comments. Here is what they had to say.)

Interview With Augie Nieto

CLUB INSIDER - "How was contact between Brunswick and Life Fitness made?"

Nieto - "We had hired an investment bank after our incredibly successful 1996. Bob Mancuso, who heads Mancuso & Company, the merchant bank that was involved with Life Fitness, said now is the time to exit. The investment bank was hired to study ways for Life Fitness to transition. Either through an IPO, looking for a strategic buyer or replacing them with another Mancuso-type company. One of the investment banks we hired (Swiss Bank) had done a deal with Brunswick when they sold Roadmaster Bikes to them. They contacted Brunswick with a strong recommendation to pursue Life Fitness. They gave them a thumbnail sketch of Life Fitness. The Chairman of Brunswick, Mr. Peter Larson, jumped on a corporate jet and flew to IHRSA San Francisco. I met with him on Saturday and walked the IHRSA Trade Show with him. He contacted the investment bank and told them he wanted a pre-emptive opportunity to pursue

Life Fitness with no one else to bid against him."

CLUB INSIDER - "So, this negotiation and contract to purchase Life Fitness has been negotiated and signed in two months?"

Nieto - "That's correct. The IHRSA Trade Show - with our presence there and our unveiling of our Cross Trainer - was a great place to showcase the company! Mr. Larson came away with a great impression.....I can tell you that!"

CLUB INSIDER - "Why is Brunswick buying Life Fitness?"

Nieto - "They are basically looking for another leg to the table. By that I mean there are 3 marine divisions at Brunswick and two recreation divisions, one indoor and one outdoor. We will be the third division on the recreational side called the fitness division. Their strategy at Brunswick is to grow their company and revenues from \$3.1 billion in annual sales. About two thirds of the annual sales are from the marine division and one third are from recreation side. Over the next 3 years, they want to shift that ratio to 50-50. They want to grow their revenues from \$3.1 billion to \$5 billion by the year 2000."

CLUB INSIDER - "What kind of constraints do you expect to be dealing with?"

due to the lack of a formalized system for planning and tracking their personal sales activities. It should be noted that for each salesperson who has not been provided with such a formalized system there are countless others who have been provided with such a system but who simply neglect to make appropriate use of it. Either way, the result is the same: sales, and I mean a lot of sales, are lost unnecessarily.

Top sales producers understand that: "Failing to plan is planning to fail." They realize that this business, as with most sales intensive businesses, is a produce

Nieto - "We right now are offering the highest return of any of the Brunswick Companies in terms of historical performance. They have \$280 million on their balance sheet and they are saying 'Augie - go find a way to deploy it."

CLUB INSIDER - "Do you think you will have greater pressures in terms of reporting, etc. than you normally have?"

Nieto - "I will be reporting directly to the Chairman and the other divisions are in the \$500-600 million range, so I think I've got some catching up to do!"

CLUB INSIDER - "How will you personally benefit?"

Nieto - "Obviously, I was an owner of part of the company and I will benefit from the transaction. I also have an earn out going forward in a 5 1/2-year employment agreement that has an incredible amount of opportunity based upon performance."

CLUB INSIDER - "The press release indicated that the Brunswick capital will allow you to acquire companies to fill out the existing product line. Can you share with us any ideas in terms of what those product lines might be?"

Nieto - "Right now there are six different strength categories - we currently play in two of them - the selectorized version and

or perish situation. They view the use of a daily planner as a vital tool that will contribute greatly to their sales productivity. A well maintained planner serves several purposes.

(1) It provides the salesperson with a convenient, centralized location to plan and prioritize his sales activities so that he can steadily move toward his goals.

(2) It makes it easy for the salesperson to remember the details of his busy schedule.

(3) It lists, organizes and summarizes each day's sales related activities including appointments, telephone inquiries, tours

the computerized version. The four other strength categories that we are not in are: plate loading, multi-station, the benches and racks, and the home market. You will see us look for acquisitions in those areas.

CLUB INSIDER - "Life Fitness revenues were reported at \$180 million in the recent press release. What percentage of that is from commercial sales and what percentage is consumer?"

Nieto - "The revenue was actually more than \$180 million. The commercial side brings in about 75% of total revenue with the consumer side bringing in the rest."

CLUB INSIDER - "Do you expect to see an acceleration by Life Fitness on the consumer side - since Brunswick has all of these recreational products?"

Nieto - "No. I think what we do is a good job of developing commercial products and selling a derivative of those products to people who are willing to pay a high price. I don't think we have an appetite for the lower end of the consumer marketplace."

CLUB INSIDER - "This acquisition by 150+ year-old Brunswick of Life Fitness for \$310 million makes a considerable statement to the industry and everybody in the business should be energized by this

event. What are your thoughts about it from that perspective?"

Nieto - "Considering what they will pay for Life Fitness, they are obviously building a foundation for future growth. What they bought was a tenured senior management team that has demonstrated successful growth over the last 20 years."

Comments by Peter Haines, CEO and President of the new Cybex International, when asked about his reaction to the acquisition of his biggest competitor, Life Fitness, by the multinational Brunswick Corporation: "I think it is absolutely wonderful! I commend Brunswick for recognizing the opportunity that's in this business. I think that Life Fitness is a terrific company. I think they've done a great job over the years. And, I think that this financial investment in the fitness industry brings credibility to the club side and to the manufacturing side. I believe it will help all of us going forward."

Comments By John McCarthy, Executive Director of IHRSA, about the Brunswick acquisition of Life Fitness: "The sale of Life Fitness to Brunswick is a testament to the future strength of the industry and the extraordinary entrepreneurial qualities of Augie Nieto."

Calls were placed to Steve Williams, President of TechnoGym, USA, the third major world player in the fitness industry. He was traveling and not available by press time.

Part 4 of TOP SALES PRODUCERS: WHAT THEY HAVE IN COMMON will appear in the next issue of The **CLUB INSIDER** News. It will focus on 5 more of "The 20 Golden Rules to Super Successful Sales."

(Stephen "Doc" Doeren, Ph.D., is the President of SALES ON SITE, S.O.S., a health and sports club consulting company which specializes in providing comprehensive on site sales seminars designed to bring fitness centers more profits through increased sales. "Doc" can be reached at: 1-888-767-4362 Toll-Free.)

Doeren...

continued from page 23

tion. Info call information was jotted down on the corners of presentation pads or on the cover of an available phone book. Salespeople were constantly searching for phone numbers or appointment times or important information about a referral or a possible be-back. Statements like "I know it's around here someplace" or "Just give me a little more time, I'll find it" were commonplace. Bottom line: salespeople were losing sales on a daily basis

given, sales made, show and closing ratios and overall sales statistics for the day, to date and projections for the month.

(4) Most importantly, it can be reviewed by a skilled and experienced manager to assess the overall work habits of the salesperson with the purpose of pinpointing the salesperson's overall strengths and weaknesses.

Problem areas that may be identified through such an analysis can be corrected through the provision of additional training and role playing. This means more sales for both the salesperson and the club.

SALES INDEPENDENCE PART III

By Ben Midgley

(This is Part III of an article entitled *SALES INDEPENDENCE*. Written by Ben Midgley, the Sales and Marketing Director of Saco Sport and Fitness in Saco, Maine.)

What you are going to read over the next few pages will, unquestionably, help you to sell more memberships than you already do. I am going to explain some of the subtle differences in sales presentations that can make all the difference. Just like cutting a diamond, the slightest flaw can instantly change the value of a diamond forever, usually for the worst. Salespeople, for the most part, are a funny group of individuals (myself included) because of their diversity of backgrounds. 90% of the salespeople you will meet generally never had aspirations of becoming a salesperson, but more or less happened upon it. This being the case, it is sometimes difficult to inspire salespeople to improve because many don't see themselves in sales for the long term, even though longevity is one of the keys to making a successful living in sales. With this in mind, I will not spend any time trying to inspire you to reach new heights in sales. I am simply going to tell it like it is and let you know what you need to do to sell more memberships. Further, this article is not about what I think works, it is about what does work, no matter where or what you sell. So, if you are only selling three or four hundred memberships a year, you can do better, much better. It doesn't matter if your memberships are \$2,500 a year or \$500 a year...the principals are the same.

There are two things that salespeople will always believe first: (1) Their particular market is more difficult to sell than someone else's. (2) They will never see selling for how simple it really is, always looking for the newest trend in selling.

First, you should know that each market has its own special characteristics, such as income levels, population, competition, reputation, perceived value of a service and many more. The most common problem sales people complain about, is that their membership costs too much. The simple answer to this problem is, if your memberships are too expensive, how can you stay in business? You can stay in business because your particular market can withstand those prices. If your market could not handle those prices, any intelligent owner would alter the rates. So, cost is NO excuse for not selling more memberships. Nor is competition an excuse. The world is full of intense competition in business no matter what business you are in. Yet in all businesses there are still sales people breaking sales records all the time, even despite the competition. If you feel you have too much competition in your market you either have not figured out how to make your



Ben Midgley

self and your business stand out or you just don't want to put in the effort. Using excuses to justify not selling more that you did is just another way to say "I don't want to work any harder than I already am." Let me give you an example. Everyone has heard of "Kentucky Fried Chicken." Colonel Sanders was over 65 years old when he began trying to get someone to buy his chicken recipe. It took years and well over 1,000 separate attempts around the country before someone bought his recipe and all this time this 65-year old man was living in his car. Now "Kentucky Fried Chicken" is an enormously successful franchise with millions in profits. How come he did not use excuses? Because he wanted to succeed! How many of you have not made a sale in over 1,000 tries and kept going?

SEE THE BIG PICTURE!

The next thing salespeople are very adamant about is concentrating on the smaller parts of selling like handling objections or the "I want to think about it people" and they spend their entire sales career never seeing the big picture. Never wanting to accept that just maybe, it is more difficult to see something for what it is and nothing more. They would rather make something like sales something it is not, by adding more details than are needed, more "nuts and bolts."

In many instances, it is far more difficult to teach something simple, than it is to teach something complex. "The invariable mark of wisdom is to see the miraculous in the common." In this case, the "common" is selling. For example, nothing on this earth man made, no matter how grand or carefully put together, could replace the beauty of the sun setting over the ocean or a walk through the forest unspoiled by the lights of the city. Or perhaps climbing (See Midgley page 26)

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Midgley...

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the top of a mountain and looking out at the amazing view, and reflecting on everything that affects you.

Get by all the complications and make sales simple and your results will soar!

The following is a list of specifics on how to sell memberships. What you will read will work as long as you take it for what it is and apply it correctly.

#1. The basics you should all know at this point are: always use a professional greeting and hand shake, a thorough needs analysis, a focus on listening carefully, a customized tour dependent on the prospect's needs, pre-handling potential concerns (not objections), covering rates with sensitivity, being concerned for your client's comfort, never skipping any steps in the

sales process, handling phone calls correctly (yes, you can give rates over the phone), booking a certain amount of appointments each week as well as making a certain amount of phone calls, being organized with your daytimer, knowing how to handle complaints (an underestimated part of the sales process). These are all very basic skills a salesperson needs to know and be proficient at. However, this article is not about the basics. It is about understanding thoroughly what it takes to achieve outstanding results in sales. The next examples are in no particular order, but need to be used regularly.

#2. Salespeople must conduct themselves with INTEGRITY at all times, treating every member and prospect with the same amount of respect and effort you would use for any other member, even your friends. Never put less of a concerned effort into

Club Insider

making the sale if the person appears less affluent than others you may work with. Never hold the attitude that as a sales person you are above performing other tasks in the club. Such as cleaning the locker rooms or helping out in the fitness center. Be a team player! As a salesperson you should be the most well rounded and knowledgeable staff member in the club. You must be willing to help anyone at anytime for any reason. You must make yourself totally accessible to members. When a member thinks about your health club, they need to think about you! Look at it this way. How would you feel if you were a member of your health club and there was a salesperson that would not lift a finger to help members or staff? Compare how you would feel about that person with how you would feel about the salesperson that is always friendly, helpful and in general, pitches in to make the club more enjoyable for you as a member. Which salesperson will have a better relationship with members and staff?

#3. What is the most important part of the sale? If you answered: the follow-up, you are right! There is nothing more important than follow-up. The largest companies in the world (IBM, A.T.&T., INTEL) realize that the key to success in this competitive world of business is making the existing relationships you have with your clients or members more profitable than they already are. You do this by expanding your relationships with your current members. All the competing clubs in each market, all of whom are trying to attract the same pool of potential members, makes it so there are less potential prospects for all of the clubs. So, you need to maximize your resources, the members you already have. Another way to put this is "Love the Ones You're With!" Once you do this it will be far easier to get referrals from them, it will also be easier to sell more to them such as additional programs or clothing or personal training or food and beverage, thus making each individual relationship more profitable for the club. On top of all of this, by working on relationships with your members and by taking on a personal responsibility for customer satisfaction, you will essentially gain a new salesperson for your company and yourself at no additional cost. Your members will promote you and your club to others because of their good experiences with your club that you made happen.

Most salespeople still do

not understand just how profitable long-lasting relationships with customers can be. Further, they do not know what it takes to develop those relationships. Quite simply, it takes effort and a lot of time to develop solid relationships with members.

Think of it as growing a plant on your own from a seed that has been planted in the soil. In order for that plant to grow into a blooming flower, it requires nurturing and attention before it will become beautiful. In the health club industry there are many "seeds" that need nurturing and attention, so how does a salesperson take care of them all? Just like growing a plant. You plant a seed, water it and leave it alone. Then, come back and check on it again and again and again. In the meantime, you can go and check on a different plant. Get the picture? Simple isn't it? The difference between an outstanding salesperson and an average salesperson is who puts in the greatest effort.

There are essential ingredients in building relationships, but they are no different than building a relationship with someone outside the club. Remember names of members and use them, be there for people, be genuinely concerned for people, do not give lip service to people, provide real service and show people you have pride in your position.

#4. Understanding the cycle OR THE S.S.R.R METHOD. This is the map for getting referrals, it stands for Sale-Service-Relationship-Referral and the cycle looks like this: SALE • REFFERAL • SERVICE • RELATIONSHIP

The cycle goes on forever and you can have a cycle going constantly with every member of your club. Don't forget every member is a salesperson's best source for business. Simple.

#5. A sales person must be tenaciously business minded while being uncompromisingly ethical. As a salesperson you need an inner drive - almost a competitive spirit to be the best. You need to be a vacuum for knowledge and a master of application. Not all sales methods will work for you, until you adjust it and fit it to your own personality and environment. Once you have done this it then requires continuous refinement and perfecting until your confidence is miles high. Confidence shows through and is respected.

You also need to know how your job fits into the bottom line financial position of the busi-

ness. In the sales department, all sales people know what their monthly goal is and some generally know the importance of hitting those goals. My question to you is: "How many salespeople fully understand how the sales department impacts the club's actual budget?" Most salespeople will never see the club's actual budget line item by line item. These numbers are the true indicators of a club's success not just whether or not the club is busy. If, for example, a sales team is missing its goal, even by a little bit each month, by the end of the year all these "near misses" can mean a substantial difference in overall club profitability.

Questions you need to ask are: #1 - What are the exact dollar amounts expected of my department? #2 - What is the exact dues increase projected to be each month? #3 - How much of our cash goal is resting on short-term members, long-term members, prepaid members, etc.? #4 - What are the forecasted # of cancellations for the month and how does that affect the club? #5 - Where does the team stand year-to-date relative to budget, and if we are behind what is the plan to get back on track? If we are ahead, how do we do even better? #6 - Exactly how do all these numbers impact the club and how much does the sales department production fit into the club's overall % of income? Most owners and GM's don't want to share that information with you because "those numbers are privy to managers only." You need to know and understand this information. If your business shares this information with you, you are fortunate and hats off to your GM because it is the right thing to do.

If you don't see those numbers, ask that this information be shared with you and thoroughly explained to you. You may be surprised at what you do and do not know. Regardless, in order for you to do your job the best you can, the business aspect, as well as the sales aspect, need to be clear to you. If you are in upper level management, it is beneficial for you to share this information to tie your salespeople into the overall goals and mission of the business, not just their sales goals. If you don't share this information, they might as well be selling with blinders on.

As far as uncompromising ethics are concerned, I believe that speaks for itself. Put your commissions on the back burner and your customer's best interest on the front. It is the only way to go. By acting in the best interest of the customers you are acting in

(See Midgley page 27)

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The commercial health club industry is now at an all-time high in terms of numbers of clubs and competition in many U.S. markets with approximately 13,500 locations across the country. With competition at an all-time high, how can you, as a club owner/manager, generate new membership traffic, energize your existing membership and make your overall club environment more exciting and fun?

One sure fire and time tested way is through INCENTIVE TRAVEL PROGRAMS. Since

1984, Spirit Travel of Fort Lauderdale, Florida, has assisted club owners/managers with Travel Incentive Programs designed, at a very low cost, to: (1) Provide a sales closing bonus for each new member that enrolls during specified promotional times. (2) Provide an incentive for existing members to refer new members to your club. (3) Give owners/managers a reward tool for sales and other staff for superior performance.

Spirit Travel is 100% complaint-free with the Better

Business Bureau of South Florida as well as the Attorney General's Office of the State of Florida. Spirit Travel is also bonded with the State of Florida as a Seller of Travel.

Some of Spirit Travel's large corporate customers include: Cellular One, Peppertree Resorts, Anchor Bank, Proctor and Gamble, Red Lobster and many others. Spirit Travel is able to create a turnkey program for any size company that will help it achieve the most effective marketing for its product in conjunction

with a vacation offer.

Clubs that have successfully used Incentive Travel Programs from Spirit Travel include: American Family Fitness, Cosmopolitan Health, Fitness, Etc. and Powerhouse Gym. Here is what Randy Wagner of Fitness Management International and Powerhouse Gym, Pensacola, Florida, had to say: "The Spirit Incentive Travel Program works really well. This past winter (January and March) we promoted a program called "CRUISE INTO FITNESS" which featured Spirit Travel's Carnival Cruise. We purchased a package of 30 cruises, installed a big banner and awarded a cruise for two to all members that referred 3 or more new members during the promotion. It makes it a lot easier to get 'buddy referrals' and it adds credibility to the club because the cruise package we give away is worth \$600 or \$700 to the member, but our cost is very affordable for us.

Cost must always be an issue in the mind of the club owner/manager and the Travel In-

centive Programs provided by Spirit Travel are extremely affordable and cost efficient. Consider these examples: How about a Carnival Cruise? Or, two roundtrip airfares to your choice of Honolulu, Hawaii, Orlando, Florida, Cancun or Acapulco, Mexico, or Nassau?

George Agrimanakis, owner of two Boston area Fitness, Etc. For Women, a former Greek Olympian, is using the Orlando, Florida Westgate Ramada Inn packages as referral bonuses for his members. George comments, "The Spirit Travel Incentive Program is working well for us. It is very cost effective at only about \$25 per package. We sold out our first group of packages and have ordered more!"

Needless to say, when competing for new members in the marketplace, you should use all of the tools available for motivation of members to refer new members and the Spirit Travel Incentive Travel packages fill the bill. For details, call Lloyd Gerber at Spirit Travel, (800) 860-5880 Ext. 131.

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ture." Focusing on the "Big Picture" will stimulate your ability to grow in sales.

#8. The 7 Steps To Sales Success

- 1) Make it simple.
- 2) Always remember the basics.
- 3) Integrity.
- 4) Relationships (follow up).
- 5) The Cycle - The S.S.R.R. Method.
- 6) Be tenaciously business minded, passionate and ethical.
- 7) Accept it - apply it!

What we've published here works and is proven and recognized. Try it and enjoy improved results everyday!

(Ben Midgley is the Membership and Corporate Fitness Director of Saco Sport and Fitness in Saco, Maine. Ben was awarded IHRSA's Sales Person of the Year Award for 1995 for his success the previous year when he sold over 900 memberships! Ben may be reached at: (207) 284-5953.)

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Future Of Fitness Has Arrived At Kroger!

Atlanta, Georgia - Australian Body Works and Kroger Food Stores have partnered to open the first-ever fitness club inside a grocery store. The "CardioTheater Express" by Australian Body Works officially opened on Saturday, May 24 in the Haynes Bridge/Old Alabama Kroger store located in Alpharetta, Georgia. A variety of fitness and health-related events were held throughout the day to celebrate this groundbreaking concept.

The 1,000 square-foot Cardio Theater Express has been installed in the store's former restaurant space. The facility offers members a wide variety of cardiovascular machines including treadmills, recumbent bicycles and stair-climbers as well as two multi-use strength machines. Through the CardioTheater 16-channel entertainment sound system, members will enjoy selecting from a variety of TV, radio, CD and tape deck components while exercising on any of the machines. "Workouts seem faster and a lot more fun," claim CardioTheater users.

"Opening this first CardioTheater Express in a Kroger store is the culmination of my dream to bring fitness to the consumer instead of trying to attract him or her into a health club," said Tony deLeede, President of Australian Body Works and co-owner of

CardioTheater Holdings, Inc. "Some 80% of the American population are scared, intimidated and/or just plain uncomfortable with joining a health club, but the same 80% know from recent studies that they need to do some kind of regular exercise activity to become and stay healthy."

The objective of the CardioTheater Express is to offer moderate exercise in a non-intimidating environment at a very reasonable cost and at a most convenient location. "Our ultimate intent is to be the McDonald's of fitness — to bring fast, fun, affordable fitness to the masses," said deLeede.

"Heart Smart" exercise will be emphasized at CardioTheater Express. Members will be encouraged to work out at a level of intensity sustainable for at least 20-30 minutes several times per week, thereby lowering their resting heart rate after a number of weeks. With the incidence of heart disease still increasing," said deLeede, "an emphasis on 'heart' results [that is, reducing your resting heart rate] is becoming more important in the fitness world than the customary goal of weight reduction."

CardioTheater Express will not only provide an opportunity for healthy exercise but also will serve as a wellness educational center. A reading center will

provide the latest periodicals, including materials furnished by the American Heart Association addressing many health issues. Australian Body Works and Kroger are developing a "Wellness Channel" for CardioTheater television, featuring the Kroger Cooking School and other life-style and wellness programming.

Membership to CardioTheater Express is open to the entire community. There are bi-weekly membership dues with pay-as-you-go options. The first

100 people to join will receive a special membership rate and gift in honor of this first ever facility opening.

Australian Body Works is an Atlanta-based health club chain providing fitness for 15 years to over 26,000 members at 15 Atlanta-area locations. CardioTheater Holdings, Inc., is an affiliate company of Australian Body Works and has exclusive worldwide distribution rights to all CardioTheater products. Since 1993 over 1,500

CardioTheater systems have been placed in health clubs, hospitals, hotels, spas, apartments, military bases and other businesses in 48 states and 42 countries.

The Kroger Company was founded in 1883 by Barney H. Kroger in Cincinnati, Ohio. The Atlanta Kroger Marketing Area, with its 25,000 employees, is responsible for 150 stores in Georgia, South Carolina and Alabama. Approximately 90 of those stores are located in the metro Atlanta area.



Cardio Theater Express In Kroger

CARDIOTHEATER 'MAKES IT FUN'

One of the most agreed upon beliefs in the industry is that working out is hard work! You hear it from members and from staff as well.

But, if you are burning fat on a cardio exercise machine, nothing burns up the time and reduces the monotony like watching TV, listening to music or the radio. CardioTheater truly reduces the conception of time by significant amounts. An hour on a treadmill seems like 30 minutes. 30 minutes on a bike seems like 15. By keeping your mind off of the exercise through the privacy of your headphones tuned into the CardioTheater system, your workout is MUCH MORE FUN and the time does fly by.

CardioTheater was installed in the first Olympic Village Health Club in Atlanta last summer and now has been installed in the first health club inside a grocery store. Tony deLeede, the owner of Atlanta's Australian Bodyworks and a co-owner of CardioTheater, has moved the company forward dramatically in the few years since his buy into the company. CardioTheater is now in over 1500 locations worldwide and is widely accepted as a terrific tool for new membership sales and member satisfaction/retention.

The list of CardioTheater customers is impressive and includes such facilities as the 270,000 square foot Michigan Athletic Club in East Lansing,

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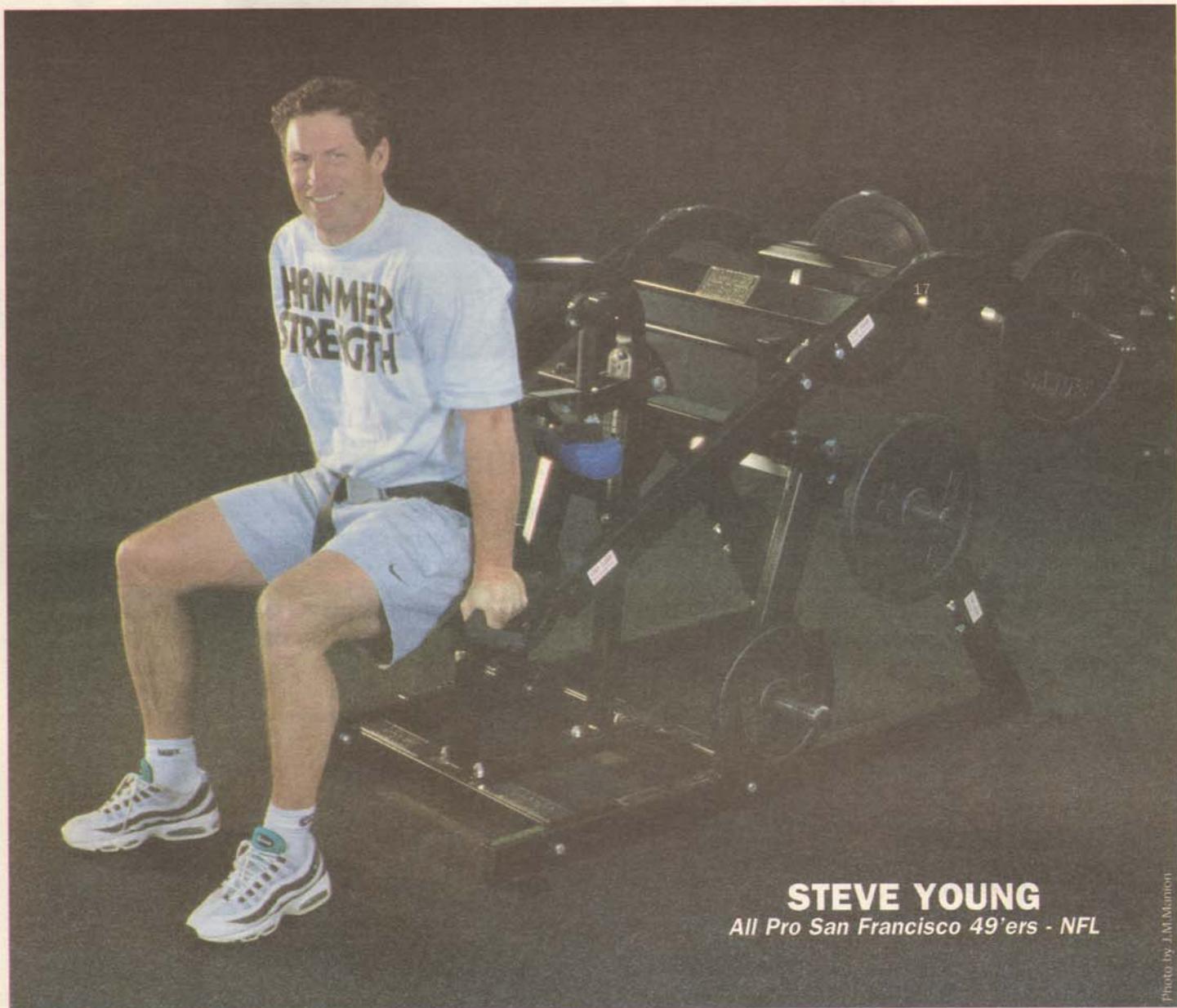


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