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NEWS

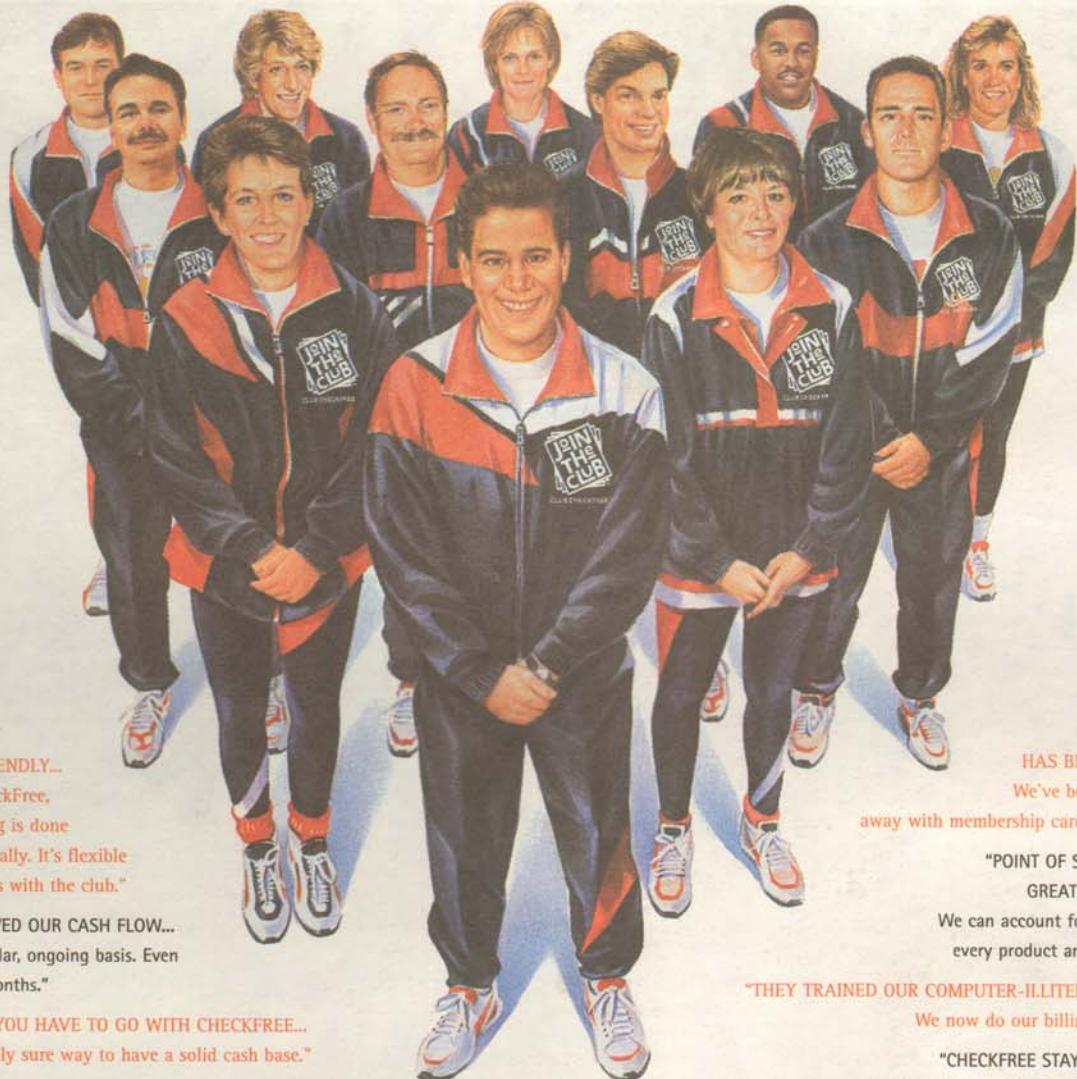
The Pulse of the Health, Racquet & Sports Club Business

JULY 1997
VOLUME IV NUMBER 7



SPIKE GONZALES
'America's Racquet Man'

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THE Club Insider[©]

NEWS

The Pulse of the Health, Racquet & Sports Club Business

NACA NO MORE!

Bend, Oregon - The ancestors of the Northwest Athletic Club Association (NACA) club owners were some of America's toughest, most independent pioneers..... fighting their way across hot plains and huge mountains to settle in the rugged Northwest region of America. Those ancestors had their own ideas then and these club owners have their own ideas now.

Making a move which easily could lead to significant changes in other club regional groups and even eventually in IHRSA, NACA will be no more as of July 31, 1997, as it will be dissolved in favor of a new Limited Liability Company called the Northwest Athletic Club Company, LLC ("Company").

The Northwest Athletic Club Association (NACA) - the not-for-profit club association

which consisted of approximately 100 for profit clubs in Oregon, Washington, Northern California, Idaho and Montana, held its last Summer Conference in Bend, Oregon on July 13-16th. NACA had become one of, if not the strongest, regional club association in America. But, the members of NACA, a strong-willed independent bunch, have not been happy for some time. They were not happy with their inability to se-

lectively control the clubs who joined their Association because it was a 'not-for-profit' organization. The group was becoming more disenchanted with the operational philosophies of the new competitors that were coming into their markets.... Gold's Gyms, World Gyms, 24 Hour Fitness, etc. They even adopted standards for membership in NACA that were much stricter than IHRSA's membership eligibility standards.

So, they have done something about it. It is called NACC.

That 'something' was initially called PROJECT X. Project X became a Limited Liability Company which will consist of clubs that invest \$1500 per Interest for the original offering price.

The NACC initial offering circular states that Subscription Applications will be accepted by the Company until August 31, (See NACA page 6)

SPIKE GONZALES 'AMERICA'S RACQUET MAN'

By Norm Cates, Jr.

There are a lot of people in the tennis club industry calling themselves 'Pros' but there is nobody quite like Gregory 'Spike' Gonzales. He is not only a well respected tennis professional, he is one of the tennis industry's brightest minds. Gonzales has been a leader in the tennis industry for over 20 years and has done a tremendous

amount for the game during that time. His leadership and willingness to speak out on issues that have been and are important to tennis puts him in very select company.

Born in Rochester, New York, Spike Gonzales was introduced to the game of tennis at age 8. However, that introduction was flawed and he did not become deeply involved in the game until five years had passed. Spike comments about his memories of his first experience with tennis: "Just

recently I've been thinking about how I got started.... and where some of my passions are. I took my first tennis lesson when I was 8 years old. It was given by a person who really knew the game. He was a really good player. But, he gave the most technical, boring lesson imaginable! And, I quit. I never picked up a racquet again until I was 13. However, I wanted to play tennis. My father played tennis. My hero by last name was Pancho Gonzales. So, I had an interest in it. But, that

first lesson - done by a technically very proficient person - turned me off as a kid. For a kid like me it was much more exciting to go and play baseball. I began to play tennis seriously when I didn't make first string on the varsity baseball team in high school. Tennis was a joyful experience to me because of so much more activity and you controlled your own destiny, rather than some coach deciding whether you get to play or not. I think right now that a lot of my mission in life almost relates back

to the fact that I might have been a much better player had I started when I was younger. 13 was too late to develop as a good junior tennis player. That experience relates a lot to what I am concerned about today as we are putting huge resources into bringing new beginners into the game. But, if tennis pros don't know how to teach the beginners and don't know how to make it fun or adjust their mentality with people going through the difficult stages of starting out, we (See Racquet Man page 7)

HEALTH CLUB TREND REPORT

By Norm Cates, Jr.

Webster's Dictionary defines TREND as: 1. A general inclination or tendency: drift. 2. A di-

rection of movement: course.

When considering the latest trends in the health club industry and how they may impact your club, one should consider: (1) What are key indicators of the trend? (2) What should you do to position your club to take advan-

tage of the current health club trends?

It is important to realize that what may be a trend today, may not be a trend tomorrow. And, what may be a trend tomorrow, may not be a trend today. Two good examples might be racquetball and group cycling.

In the late 1970's, racquetball was one of the hottest things going. In the 80's racquetball dropped off the map in popularity almost as fast as it boomed. Club operators everywhere found themselves converting racquetball courts to fitness workout areas and aerobic studios. Now, racquetball is making a comeback in some areas. With the group cycling phenomenon, we saw 'Spinning' become very popular in the last

two years after being around for nearly 10 years. However, many clubs that have installed the 'Spinning' Program by Schwinn instead of the ABC Group Cycling by LifeCycle are running the risk of having 20 or 30 of the Spinning bikes around that nobody wants once the 'Spinning' craze goes away..... but, with the Life Fitness ABC Group Cycling Program you get not only a fun and demanding cardiovascular workout, you get upper body work as well, a combination that is making Life Fitness' ABC Group Cycling Program popular. And, when and if the 'Spinning' / 'Group Cycling' craze goes away, club owners that have invested in the ABC Life Fitness program will still have the ever

popular LifeCycle for their fitness center utilization, while the 'Spinning' bikes will become obsolete very quickly.

NEW IHRSA / AMERICAN SPORTS DATA HEALTH CLUB TRENDS SUMMARY

The new IHRSA / American Sports Data Health Club Trend Report, (due to be released soon) was summarized in the IHRSA's new equipment catalog, Fitness Industry Technology. One comment from the summary immediately stands out: "Every major category of fitness equipment use - except one, showed a decline in participation in 1996. The drops ranged (See Trends page 8)

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THE INSIDER SPEAKS

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PLAYING THE RACE CARD

The Myth of Equality in the Fitness Industry

By James M. Evans

In the midst of the celebration over the 50th anniversary of Jackie Robinson's historic breaking of the color barrier in major league baseball comes John Hoberman's controversial new book, Darwin's Athletes: How Sports Has Damaged Black America and Preserved the Myth of Race. Hoberman contends that

sports has become an entrapment for black men in America and that they have become nothing but commercial commodities in a "colonial power structure" controlled by whites. In a passage from his book he says, "The presence of large numbers of black athletes in the major sports appears to have persuaded almost everyone that the process of integration has been a success. This sense of closure is an illusion that is rooted not in the fact of racial equality but in a combination of black apathy and white

public relations efforts."

While I do not necessarily agree with all of Hoberman's positions, some of his conclusions about blacks in sports are strikingly parallel to the circumstances regarding blacks in the fitness industry. The two industries are not dissimilar in many respects anyway, and they share a common practice of veiled discrimination at the upper level management and ownership level. Even gays and women have not suffered the same discrimination as African-

Americans in the health club business and its fringe enterprises.

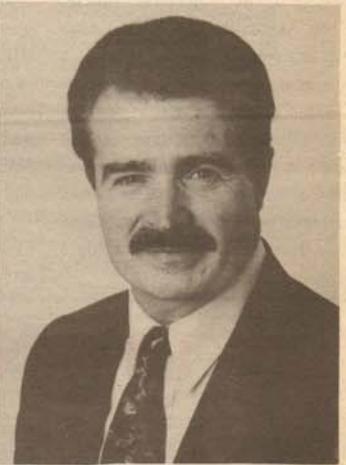
Year after year, at all of the industry conventions, the speaker representation shows a similar color pattern reflecting a deep discrimination throughout the industry.

Just as we think that the increasing number of black athletes in professional sports is cause to celebrate its successful integration, we perceive that the fitness industry, too, is successfully integrated just because we know of a few black employees in the business. However, the percentage of black athletes in professional sports

is far more than the percentage of black employees in the fitness industry - 80% in the NBA and 67% in the NFL (but still a dismal 17% in major league baseball, according to Hoberman, which is a surprisingly poor testimonial to Robinson's legacy).

Few African-Americans in the fitness industry are employed in the management positions or involved in ownership. There are certainly exceptions to this, but they are exactly that - exceptions. They are usually relegated to token positions where the turnover is very great and from which very few ever advance. They often excel in the "athletic" positions of personal fitness trainers or aerobics instructors where the burnout rate is high or an injury can affect their ability to continue - very similar to professional athletes who experience relatively short careers and seldom move on to positions in management or administration and ...so far, at least ...never into ownership.

It is probably because the fitness industry is so fragmented that it has been able to get away with racial discrimination in the first place. In other words, while the practice of discrimination has always been widespread, there have been few companies which have been large enough by them-



Jim Evans

ROBIOUS
Sports & Fitness

June 13, 1997

To: CLUB INSIDER News

From: Ward Hamilton
General Manager
Robious Sports & Fitness
Richmond, Virginia

Spike Gonzales is exactly correct in placing the blame on tennis administrators. I include promoters, tournament directors, etc.

Instead of watching the game recede, they should have been looking for new ways to bring in players such as making their tournaments broad based events. And they should be protecting the game against the influence of the "Bad Boys."

Tennis is more popular world wide than ever. Why? Because it is a great sport which can be played and enjoyed for a lifetime! Tennis needs to become a game which reaches out to the masses and our self-centered pros and managers need to wake-up and create festive atmospheres for the education and promotion of tennis!

Sincerely,

Ward Hamilton

P.S. Thanks for your great newspaper! Sign me up!

selves to merit any serious scrutiny. However, with more and more large companies acquiring smaller, independent clubs and merging with other large companies to form still larger interstate corporations, discrimination can easily become a more high-profile issue with potential legal consequences.

It is incumbent upon the industry to overcome its practice of discrimination before it escalates to a level of transparency which might attract outside attention or intervention. We have seen how golf and country clubs have had to change their prejudicial policies against blacks as the result of negative media publicity, and the mercurial rise of Tiger Woods has accelerated the process even more. The fitness industry largely reflects some of that same "country club mentality" with regard to its hiring practices and membership enrollment policies.

The subtle, but insidious form of white elitism which has so long been a part of our industry must eventually give way to a more diversified attitude, and the problem needs to be addressed now while we can still assert some influence on how that change will take place. Most health clubs will probably continue to resist any change and will prefer, instead, to maintain the status quo with regard to equal opportunity.

(See Evans page 9)

•NORM'S NOTES•

RAY WILSON of 24

Hour Fitness will receive the Lifetime Achievement Award and will be a keynote speaker at Wally Boyko's 16th Annual National Fitness Trade Show and LifeStyle Symposium, August 12, 13 and 14. Mr. Wilson will be honored and will speak on Wednesday, August 13th at 11:30 a.m. In addition to the Trade Show, the Symposium will offer a full agenda of industry related presentations. To register call: (909) 371-0606.

The Longfellow Club, Natick, Massachusetts, has announced a unique partnership with the Keiser Corporation, to establish Keiser Training Centers at its Natick and Wayland facilities to serve Club members as well as provide staff training for other fitness clubs throughout New England.

Olympic Gold Medalist, JOHN NABER, will share his principles for success, goal setting and personal development during the upcoming 70th USPTA World Conference on Tennis, September 14-22 in Cancun, Mexico. His topic will be: "Seeing Your Dreams Come True." Naber will join headline speakers GEORGE BACSO, PETER BURWASH, JACK GROPPEL, Ph.D., JIM LOEHR, Ed.D., GENE SCOTT, VIRGINIA WADE and 40 other top tennis industry experts on the conference agenda. For information, all USPTA at: (713) 978-7782.

STEVE AND SALLY GOLDMAN, owners of The Weymouth Club in South Weymouth, Ma. have named JAMES BUNNELL, a 15-year veteran of the club industry, as General Manager of the 3,000-member facility. The Weymouth Club was named the "New England Tennis Organization of the Year" in 1995 by the United States Tennis Association.

24 Hour Fitness has added three brand new facilities to their chain, bringing the total number of locations to 150 in seven states. The new facilities are located in Palmdale, San Marcos and Visalia, California. 24 Hour Fitness is the largest privately owned fitness chain in America and it is rumored that they will go public by

the end of the year. Stay tuned.

Congratulations to BOB DELMONTEQUE as he was honored as the Humanitarian "Man of the Year" for his work with Intercity Kids and Adults in the Los Angeles area.

BIZ and KAREN

STARK (S.T.A.R. Management Systems, Inc.) assumed ownership of Market West Athletic Club in Center City, Philadelphia. Both 20-year veterans in the health club industry, Biz and Karen managed this same property for The State Teachers Retirement System of Ohio from 1991-1996. The 19,300 square-foot facility offers corporate fitness programming for over 150 Philadelphia corporations and businesses. The Market West A.C. was hired to organize, supervise and instruct the entire University of Pennsylvania aerobics program. Best of luck to Biz and Karen as they continue outstanding careers in new roles as owners!

JEFF RANDALL has sold The Squash Club in Allston, MA to TSI.

IHRSA has published a terrific guide for clubs called: "Wellness: The Health Club/Medical Connection. This 44-page guide is full of interesting and important information. To join IHRSA or order the guide call: (800) 228-4772.

ALAN SCHWARTZ,

the Chairman of Tennis Corporation of America, which owns and manages 43 locations nationwide, tells me that TCA has just purchased controlling interest in the Sporting Club at Windy Hill here in my hometown of Marietta, Georgia from the Japanese Murabeni Trading Company. It is a terrific club and we wish Alan and Steven Schwartz the best of luck with it.

24 Hour Fitness has leased the Sporting Club At Lakeshore Towers in Irvine, California. It is a beautiful facility located about a two wood shot away from MIKE TALLA'S Sports Club-Irvine. I am really interested in plans the 24 Hour Fitness has for the Sporting Club because it certainly doesn't fit the concept of their 150 other clubs. Too late for more at press time, but stay tuned for more later!

LEE HILLMAN, CEO of Bally Total Fitness, tells me that he is nearly finished with the required paper work for the SEC for a new \$40 Million stock offering. We will have more next month.

JOHN CARLSON of The Benfield Group tells me they are not ready to release the story, but word has it that JEFF BENSKY and the Benfield Group has inked a deal with the new development near Disney World called Celebration. Celebration is a huge planned community near Orlando, Florida and will be done in conjunction with Florida Hospital.



Norm Cates, Jr.

FRIDAY REPORTS

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Tennis Pros and Market Building

By Spike Gonzales

One of the ironies of the tennis industry these days, is that although overall participation is down significantly from the early 80's, it seems that tennis pros are doing just fine. Everywhere I go, owners and managers lament empty courts or having to charge tennis fees below facility subsistence levels, while their pros have full schedules.

All too often clubs wishing to build their markets with new player programs are faced with the dilemma of not having pros to teach or administer them. And just as often, even when enough pros are recruited to teach the Tennis Industry Association's free lessons or the USTA's Play Tennis America®, these pros are weakly equipped to teach beginners or market group lessons.

There are some interesting dynamics related to pros and tennis market building. The first is that tennis pros are generally quite effective at keeping students coming back. Tennis is especially fun when a pro directs or supervises instruction or play. Interestingly, those who pay what it costs to get private or group direction from a pro usually feel it's worth it! Here, there is little price sensitivity! With a pro's help, a player at any level can have fun, feel challenged,

experience success and get exercise. The whole tennis experience becomes more than worthwhile!

There is a problem for club operators, however, related to this first dynamic. When pros are only teaching private lessons and are teaching principally existing competitive players, their efforts really don't significantly help the club's bottom line. Pros are simply using courts that may have been used anyway, teaching players who would have been playing on their own regardless. Further, even if the pros are teaching players who may not have otherwise been playing and private lessons are the vehicle, then the positive impact to the bottom line is still minimal. Teaching single players at a time does very little to promote play and playing relationships at a club.

The second dynamic is that many pros have unconsciously (or consciously) developed the propensity to produce pro-dependent tennis players. And why not? It's been in their best interests to do so!

Pros have actually created players who don't know how to reap fun or exercise from tennis with other non-pro players. This became strikingly clear to me when I once was asked to fill in to coach a USTA team practice at a Long Island club. Helping out on a last-minute re-

quest for a pro who couldn't make the session, I asked the group of four 3.5-level ladies to start warming up while I left to get a racquet. The ladies all went to one side of the court and formed a line, apparently expecting me to hit them one or two balls at their individual turns. It seemed they didn't know how to warm up with each other and were actually resistive when I suggested they split up and hit with each other!

Pros who teach with lines, neglect to use ball machines, emphasize power and offensive skills, and rely on carts of lesson balls rather than teaching rallying skills are effectively creating pro-dependent players. These players will pay what it costs to have a pro on their court, but may avoid day-to-day with other "real people"!

The third dynamic is that pros often have no reason to be concerned with building the tennis market. Indeed, with a culture incentivizing players to become "the best they can be," to being on the winning league team or reaching the status of the next rating level, pros get all the lessons they need from existing aspiring players.

At best, pros get involved with junior programs bringing children into the game, but frequently, even these programs are geared to creating winners, rather than players. Those with average-or-less talent fall by the wayside as the pros get the bulk of their hours from the

highly talented or highly motivated.

A final dynamic is that owners' marketbuilding wishes are thwarted when they've sanctioned a system of having pros paid as independent contractors. As pros have no employment tie-in with their facilities, they are only minimally obligated to meet the needs of those facilities. Pros are actually legally sanctioned to neglect developing market building teaching and organizational skills and to restrict their schedules from periodic group lessons and prime-time promotions.

Certainly teaching pros feel little obligation or loyalty to business operators who don't offer them such common workplace benefits as sick pay, paid vacations, health insurance and retirement plans. In some areas I've seen pros adopt an attitude justified by professional athletes who feel they have to maximize every dollar they can immediately get before their physical abilities diminish with age. Far from being concerned with their clubs' financial interests, teaching pros without good working conditions or career or advancement paths are naturally induced to be "out for themselves."



Spike Gonzales

(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.)

NACA

continued from page 3

1997.

The NACC Board of Directors are: Mark Eisenzimer - Cascade Athletic Club, Jennifer Harding - East Side Athletic Club, Randy Huber - Timberhill Athletic Club, James Kusnerik - Superior Athletic Club, Dale Pulin - Thorbecke's Parkside Fitness, Chuck Richards - Sunset Athletic Club, David Tawney - Harbor Square Athletic Club, Dean Wallace - Courthouse Athletic Club and Wayne Westwood - Griffith Park Athletic Club.

NACC MEMBERSHIP STANDARDS

Each Member of the Company must be the owner and/or manager of one or more athletic or fitness club each of which satisfy the requirements specified below. If an athletic or fitness club is owned and managed by different persons, only one of these persons may become

kets as well as non-profit hospitals, public parks and recreation center, YMCAs, etc... The protection will come in the form of a tight reciprocal membership program allowing only members that meet the standards of NACC, sharing of costs for legal battles, audits, centralized club data, group buying and shared club marketing.

a Member with respect to the club. The Board of Directors will have the sole discretion to determine whether a subscriber or a Member meets, or continues to meet, the membership standards set out below. The standards may change over time as determined by the Board of Directors. The Board's decision will be final.

General Requirements For Member Clubs

- Club charges for its services primarily on a monthly basis. At least 75% of all dues must be paid monthly.

- Club complies with all local and state laws, including laws regarding employment practices and membership agreements.

- Club resolves expeditiously any consumer complaint with a State Attorney General or

the Better Business Bureau.

Membership/ Ownership Requirements

- Club is owned and managed by a taxable entity or by an individual.

- Club is not franchised or licensed other than by an entity which is a Member.

- Club is not identified as part of a chain (i.e. commonly named clubs having more than 8 separate facilities).

- Club is not owned or managed by an entity or individual who is a controlling owner of a chain.

Quality and Service Standards

- Club has adequate staff-

ing to provide readily accessible service to its members.

- Club has clearly defined programs for integrating a new member into the club and for providing orientation of club facilities and programs to each new member.

- Club is neat, orderly and attractive.

- Club is safe.

- Club has no pricing practices (e.g. guaranteed dues rates) which result in a high ratio of inactive members with little motivation for the club to reactivate such members.

For additional information, the Northwest Athletic Club Company, LLC ("Company") address is: 4840 SW Western Avenue, Suite 1000, Beaverton, Oregon, 97005. Phone #(503) 644-0224 and Fax #: (503) 644-8286.

Racquet Man

continued from page 3

will be making people decide they don't want to play tennis, like I did. Instead, they need to network students who will then like to play tennis. Right now, it seems like it has come full circle. In fact, it is sort of my mission these days to see that all of these resources we are putting into growing the game are effectively used."

TERRIFIC RACQUET SPORTS BACKGROUND

Gonzales went to Brown University where he graduated with a Bachelor of Arts in Political Science and a minor in Spanish. Graduating in 1969 he worked two years for the Rochester-based Xerox Corporation where he was a training specialist. During high school, college and until 1971 he also worked as a free lance tennis pro, teaching in a variety of public recreation, country club and private settings. He was ranked #2 in the Eastern Tennis Association Men's Open Doubles and #7 nationally in the USPTA Junior Veterans. In 1992, Gonzales and his partner, David Strel, were semi-finalists in the United States National Senior Grasscourt Championships. He was also a self-taught player/coach of the Brown University club squash team, when the University didn't have a varsity team status. Despite the lack of formal coaching, he attained a #8 national collegiate ranking. He went on with his squash in later years to be ranked in the Top 30 of the World Professional Squash Tour.

KEYPERSON AT TENNIS CORPORATION OF AMERICA

In 1971, Gonzales joined Kevie Schwartz and his son, Alan, at the Mid-Town Tennis Club in Chicago, as a tennis pro. He taught 40 hours per week and under the mentorship of the Schwartz father-son duo, he developed numerous tennis marketing and player participation programs for the fledgling Tennis Corporation of America, including the marvelously successful 'Tennis In No Time'® program.

Gonzales initiated the market study and site selection process for TCA's second location, the Mid-Town Tennis Club in Rochester, New York which opened in 1973. There, he was responsible for hiring, training and supervising a staff of 20 tennis and squash professionals providing

instruction and programming for over 700 participants a week. He was also responsible for the hiring, training and supervision of the Head Pros of other TCA clubs as TCA grew. Rising within the growing TCA organization, Gonzales served on the TCA Executive Committee from 1976 to 1992. While he was the General Manager of the Mid-Town Tennis Club in Rochester, the club was named one of the "Top 50 Indoor Tennis Clubs" by Tennis Magazine. His roles with TCA included acting as a "corporate trouble shooter" in developing new clubs, and managing the corporate management training program which he initiated in the early 80's. From 1986 to 1992, Gonzales rose to the title of Chief Operating Officer and Senior Vice President and was responsible for management over 30 TCA clubs throughout the U.S.

Alan Schwartz, Chairman of Tennis Corporation of America (43 locations nationwide) and a Vice President of the United States Tennis Association, comments on Gonzales, "I consider Spike not only a friend, but one of the real assets of our industry. I find him tremendously creative, very demanding both of himself and those he works with. He has a true passion for the game. He many times takes different positions than you would expect, but they are backed up with carefully thought-out reasons and sets everyone who reads the material to thinking and re-thinking their positions. From TCA's point of view, Spike has identified and nurtured some of the people who are now at the top of our organization. In many ways, Spike is one of the deepest thinkers of this industry and I am very hopeful that the U.S.T.A., which has hired Spike as a consultant, will continue to take advantage of his insights and I hope to see them use him more and more."

TENNIS AND SQUASH NATIONAL LEADER

Gonzales has been involved in the United States Professional Tennis Association for years, serving as Chairman of the National Nominating Committee, three-time President of the Eastern Division, and Founder and President of the Western New York Section of the USPTA. In 1983 he was named USPTA "Tennis Professional of the Year" for the Eastern Division. He was also involved in the World

Professional Squash Association and served as its Secretary for two years, a member of the Board of Directors for four years and as Chairman of the National Nominating Committee. He was also a contributing founder of the World Squash Professional Teaching Certification program.

In the late 1970's, Gonzales was instrumental in developing the National Tennis Rating Program in conjunction with the National Tennis Association, the U.S. Professional Tennis Association and the United States Tennis Association. Most recently, he has involved himself in launching the Tencap Tennis Handicapping System which has as its mission improving the enjoyment of tennis for all players.

TENNIS FOR ALL PLAYERS

In his final year with TCA Gonzales took a year's sabbatical, and then another year of additional effort, to develop the "15-Love" program in Rochester, New York. This program drew national recognition in its philosophy of using tennis to build self-esteem in disadvantaged youth. The program has continued it's several years since Spike's absence to provide free tennis instruction and equipment, and academic motivation and tutoring, for hundreds of Rochester's inner-city youngsters.

CONCERNED AND OUTSPOKEN

With the credentials that Spike Gonzales has in tennis, you would think that he would be totally happy with the status of the game. But, think again. In contrast to most tennis professionals in the U.S. he is concerned with the game's current situation and where he sees it going. His primary concern is that tennis pros and administrators may not 'seize the moment' by properly teaching and motivating the millions of new players coming into the game from the various new tennis initiatives. He is calling for all tennis people to work together to bring tennis participation back through change in the pure culture of tennis administration and teaching. It is his wish that this focus will help tennis clubs everywhere cash in on the current opportunities provided by initiatives such as the 'Free Lesson Blitz' and 'Play Tennis America'.

GREATEST TENNIS CHALLENGE

Gonzales sees the greatest challenge that tennis has is "Making It Fun" for the participants. He commented in an article published in The CLUB INSIDER News, "In tennis we're stratified! Every playing level has become a "clique", separating itself from the levels below it. (There is actually an incentive to avoid sitting with the lower-level players. They might ask you to play!) Except at the most well-managed clubs (managing of the "tennis culture" that is). The playing strata reflect the segmentation of the social life. What happens as a result? First, sooner or later players give up the game. Second, who knows how anyone ever gets started with the game! The beginner is the lowest of the caste system, virtually untouchable, and regarded as a burden to the rest of the

club membership."

So, Gonzales has been tirelessly active in the development of the Tencap Tennis Rating and Handicapping system to positively affect the game. He sees the principles of Tencap as crucial to breaking down the stratification of the game and allowing players the means to have fun games with those compatibly stronger or weaker than them. While he thought handicapping wasn't possible when the NTRP was started, he now feels a more accurate and computerized rating system will allow tennis players to enjoy the game much as golfers do with their handicap system. He particularly feels "we need to bring an end to the situation of humans rating other humans. The resultant administrative load and ill-feelings have greatly hindered our growth!"

Gonzales has also been strongly outspoken in addressing

(See Gonzales page 9)

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- Linda Lunsford
- Huntsville Athletic Club, Huntsville, Alabama

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Trends

continued from page 3

from the barely perceptible (stairclimbing fell .5% and stationary cycling was down .8% to the improbable high with cross-country skiing equipment utilization plummeting downward 38.1%).

Strength training on resistance machines was the one growth category with 5.9% growth in 1996 after growth in 1995 of 11.8%.

According to the report summary: "Some of the explanations by industry insiders: the repetitiveness and duration of cardiovascular workouts make it difficult for cardio equipment to maintain member interest and excitement. On the other hand, the relative variety and short duration of strength-training exercise, the increased evidence of value of such training for

general and niche (e.g., women, seniors) populations and technological improvements to resistance equipment all have led to a steady rise in popularity.

.....
**IHRSA/AMERICAN SPORTS
DATA HEALTH CLUB TREND
REPORT STATISTICS**

Participation In U.S.

- Treadmills - Down 14.4%
- Stairclimbers - Down 0.5%
- Rowers - Down 15.7%
- Stationary Bikes - Down 0.8%
- Free Weights - Down 5.6%
- Nordic Ski Machines - Down 38.1%

**Strength Training On
Resistance Machines****SINGLE UPWARD TREND IN
PARTICIPANTS ACROSS U.S.****- Up 5.9%**

.....
*** Importantly, not included in the data shown above was the significant impact of group cy-

cling and elliptical motion trainers on club users (Such as Life Fitness' new Cross Trainer or Hogan Health's new Cardiovascular Cross Trainer). The report also mentioned a number of popular high-tech strength training systems that have become available in the past year, such as: The Cybex 15-unit VR line, extensive Life Fitness Strength Systems, the Nautilus 2 ST-15-unit circuit, Trotter's 25-unit Galileo line and yes, the new Ab machines.

The report summary concluded with the following statement: "When, in another year, the 1998 IHRSA/American Sports Data Health Club Trend Report is released, about all that can be said with certainty is that with respect to exercise participants, things will have changed again."

So, if cardio equipment utilization is down slightly and resistance equipment utilization is up slightly, is this any reason for alarm on the behalf of club owners? We don't think so. However, two thoughts do come to mind: (1) Virtually every club in America has made a significant investment in cardio equipment for its fitness center component. If those 'insiders' say, that: "The repetitiveness and duration of cardiovascular workouts make it difficult for cardio equipment to maintain member interest and excitement...." then just think about it a minute. What will be the best action to take? (A) Give up on cardiovascular exercise programming - we don't think so. OR (B) Find ways to make cardiovascular exercise more fun and less boring. Yes, if you have not installed CardioTheater or some form of TV/Music Entertainment System in your club, now might be a really good time to look into it! (2)

Our second thought on this subject is that this new IHRSA/AMERICAN SPORTS DATA HEALTH CLUB TREND REPORT is very general in nature and may not accurately reflect what is going on in your market and with your competition. For that reason, if you don't already track your daily member utilization in terms of specific activities that the members participate in, now is a great time to investigate systems such as CheckFree Corporations tracking system which may be interlinked with Life Fitness's Life Center or Affiliated Acceptance Corporation's video imaging and logging of attendance systems or Fitlinxx's Interactive Fitness Network or

Technogym's own self-contained system, all systems which will help you stay in close touch with YOUR club's trends. As a part of that process, you should: (1) Regularly 'shop' your local competition both by telephone and in person to see what "Trends" may be going on there. (2) Stay in touch with other club operators across the country to learn about what is going on there.

The **CLUB INSIDER** News conducted an informal survey with some club owners/operators across the country to hear their opinions on the Top Trends in the industry for 1997. Here are the Top 10 Health Club Trends that we heard about, the key indicators for each and what you can do to position your club for them.

**CLUB INSIDER
NEWS TOP 10
TRENDS FOR 1997****TREND #1 -
GROUP CYCLING**

KEY INDICATORS - Everywhere you look, on TV, in the newspapers and especially in the top clubs in America you will find these programs packing them in.

What to do? - Get with the program. Don't just sit there and miss out on programming that could be very beneficial to your member's results. Schwinn, Life Fitness, Keiser Corporation and Reebok are leading the way.

**TREND #2 -
PERSONAL TRAINING**

KEY INDICATORS - Not only is personal training by individuals booming, the high-tech world has gotten heavily into this business. Life Fitness's Life Center Kiosk, Fitlinxx Interactive Fitness Network and many other systems are coming on strong.

What to do? Start, if you haven't, with a small-carefully selected staff of personal trainers that work for your company and report to you. Consider combined compensation plans which provide the trainer with both guaranteed income and commissions shared with your club. Attend every club industry trade show you can find. Visit every company that is delivering high-tech systems for training. Talk with them. Learn about their systems. Find out how you can combine your human personal trainer programs with their high-tech systems to maximize member results.

**TREND #3 - ELLIPTICAL
MOTION EQUIPMENT****KEY INDICATORS**

Members are looking to the 'next wave' of cardio exercise equipment to provide an alternative to their regular stairclimbing and stationary bike programs. It appears that elliptical machines are that next 'great wave' with many of the majors getting into production early: Life Fitness, Precor, Cybex and Reebok Cross Conditioning Systems.

**TREND #4 - MEDICAL/
WELLNESS
AFFILIATIONS****KEY INDICATORS**

Follow the news. Virtually every day there are articles and TV reports about the high cost of medical care and how the medical providers are shifting to cost control efforts which include PREVENTION.

What to do? Begin to connect with the medical community around you by providing doctors and hospitals with opportunities to network with your members. Get to know about the vast work that IHRSA has already done in the world of the Health Care Connection. Get in touch with the top Health Care Connection companies and explore what they may be able to do to help you with the start up of your connection. For example, just about two years ago a South Florida club operator connected with a Health Care Connection Company and now enjoys over \$4,000 per month in additional revenues from the relationship with no significant additional cost.

**TREND #5 - JUNIOR/
KIDS PROGRAMMING****KEY INDICATORS**

The media is full of TV reports and newspaper articles about the poor condition of our children in America. This problem has been created by the shift in our society due to kids being cooped up in front of Nintendo machines, TV, computers, etc. and due to the fear that we have in many communities for the safety of our children. The unfortunate result is that there is a clear market for children's exercise programming and activities.

What to do? Reach out and discover the vast world of kid's fitness and programming systems that are available. KidzFit provides a terrific system called Kids' PACE and there are numerous other companies in the market including Keiser Corporation, Pentes Play, (See Trends page 9)

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...Gonzales

continued from page 7

the lack of imagination and leadership by tennis administrators and tennis pros, in particular, in promoting the game of tennis. He believes that tennis pros generally are content with the game's status because they have plenty of individual private lessons to fill their day. But, at the same time, he and other tennis leaders have seen the overall participation of tennis decline dramatically. Gonzales believes that this 'status quo' attitude has prevented tennis clubs from bringing in significant new player numbers to offset the players leaving the game. It's his desire to motivate tennis pros and administrators everywhere to balance their tennis growth programs and their individual private lessons by including group tennis promotions and lessons into their daily, monthly and annual plans.

...Trends

continued from page 8

Soft Play, Inc., Factory Direct Fitness and Brewer's Ledge.

TREND #6 - MIND/BODY CONNECTION

KEY INDICATORS - Pilates, Yoga, TaiChi and other niche providers are springing up in clubs and in 'Boutique' settings in shopping centers, offices, etc. More and more people are seeking a spiritual connection with their bodies.

What to do? Connect with local providers of such services to see how their space requirements might meet space available in your club. Consider developing relationships with these service providers to expand your club's programming menu.

TREND #7 - WATER FEATURES AND PROGRAMMING

KEY INDICATORS - The proliferation of water parks and recreational facilities provided by the public sector prove that there is

EDUCATOR WITH THE PEN

Spike Gonzales has invested countless hours to write articles on a variety of tennis issues for numerous industry publications. He has been a contributing writer for The CLUB INSIDER News for two years and during that time has delivered many insightful articles intended to stimulate thought and creative developments for the game. One series of articles entitled: 'The Top Ten (Odd & Ironic) Reasons Tennis Has Declined' covers the problems that tennis has and is enduring. His 'Top Ten Reasons', presented in six in-depth articles over six months include: (1) Tennis is too expensive. (2) Programs, Programs, Programs. (3) Our Equipment Has Gotten Too Good. (4) Pros Have Been Concerned With Producing Better Players. (5) It's Just Too Competitive! (6) Our Games Have Gotten 'Old and Tired'. (7) There Is No

Betting. (8) Tennis Players Are Extremely Ego Oriented. (9) We Administrators Have Been Thinking Inside The Box. (10) We Keep Blaming Others! These articles are very illuminating and poignant and focus clearly on the ills of tennis from the point of view of a knowledgeable tennis pro, administrator and manager.

In a recent CBI (IHRSA's Magazine) article entitled: "TENNIS LESSONS - Turning Industry Initiatives Into New Members," Gonzales made note of two very successful and recent tennis building programs. They are the Free Lesson Blitz program and the Play Tennis America® program, creations of the Tennis Industry Association (TIA) and the United States Tennis Association (USTA), respectively. In this article Gonzales pointed out that more than 100,000 people took free tennis lessons during the first

two years of Play Tennis America® and tennis racquet sales increased by 21! He cited the success of Mervyn Webster of the Wichita Racquet Club in Kansas that introduced 365 fitness members to tennis, signed up 225 new members and generated \$40,000 in extra revenues from lessons, court time and pro-shop sales! His CBI article went on to give detailed commentary about Leadership By Example, Mobilizing the Pros, "Programming" the Players, and The "Perceived Value Challenge."

In last month's CLUB INSIDER News, Gonzales' article entitled: 'Tennis Is Not Just Tennis', he addressed the challenges club operators and tennis pros face in selling new players coming into the game. He warned that 'we all should be sensitive to the nuances of this function. Specifically, his article covered three important principles related to selling tennis to newcomers: (1) Being cogni-

zant of the fact that the newcomer has very little awareness of what the product of tennis is all about. (2) Being sure that staff is knowledgeable of the unique aspects of the game. (3) Providing the means for our newcomers to be able to articulate in their own minds and to others the benefits and value of the game.

In addition to being a sought after consultant and industry speaker, Spike owns and operates The Naples Racquet Club in Naples, Florida. His contribution to the tennis industry is immeasurable and he should be recognized by everyone in the industry for the insight, teaching and leadership he has provided to the great game of tennis.

(Norm Cates, Jr. is the Publisher of The CLUB INSIDER News, a 20+ year club industry veteran, the 1st President of IHRSA and a Co-Founder of the Association.)

significant demand. Many private clubs are doing the same.

What to do? If you have a pool, look at adding aqua aerobics, swimming lessons, life saving instruction and water polo. Also, a terrific new system called MaxaWave is now available which can convert any pool into a 'Wave-Pool' which will add many dimensions to your aquatic programming.

TREND #8 - IN-CLUB ENTERTAINMENT SYSTEMS

KEY INDICATORS - Everywhere you go including YMCA's, health clubs, fitness centers and multi-purpose facilities, you will see entertainment systems installed that are there to help the member keep his mind off of the time and pain involved with his cardiovascular workout.

What to do? Check out CardioTheater and Fitness Technologies for information on their systems.

TREND #9 - NUTRITIONAL/WEIGHT LOSS PROGRAMS/DECONDITIONED

transition.

(Jim Evans is General Manager of Life Time Fitness in St. Paul, Minnesota and President of Evans and Associates, consultants to the fitness industry. He can be reached at 800-708-0878)

(Publisher's Note: All of the opinions expressed in this editorial do not reflect those of the Publisher. In particular, we be-

KEY INDICATORS

- Probably the best indicator available is that this is a \$35 billion per year industry that the health club business has hardly tapped.

What to do? Check out the Nutrex Program by The Step Company, the Lifestyle Modification and Weight Management Course by ISSA, the American Council On Exercise Program and Karch International's Biometrics Program.

TREND #10 - SENIORS PROGRAMMING

KEY INDICATORS - The 'Baby-Boomers' are coming! Statistics over the past few years have shown that the over-40 age group is the fastest growing sector for health club membership growth.

What to do? Contact Keiser Corporation, John Rude and Associates, ACE (The American Council On Exercise) and IHRSA for ideas on programming for Seniors.

lieve that the lack of representation of blacks as speakers at the various conventions is more a function of the current qualifications of industry professionals than it is a choice by convention planners based upon discrimination. We welcome and will be happy to publish opposing opinions on this matter of great importance to our industry.)

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

...Evans

continued from page 4

tunity in the workplace and equality in their membership rolls. They will essentially sweep the issue of racism under the rug and defer any responsibility so that it becomes someone else's problem in the future. Unfortunately, there does not appear to be a Tiger Woods among us to hasten the

Georgia Gold's Gyms Win Two International Awards

MIAAMI, FL. - Gold's Gyms of Douglasville and Marietta, Georgia were winners of two awards of excellence at the 14th Annual Gold's Gym International Convention held recently. The awards are particularly significant to club owner Gordon Johnson because the two clubs are in their first year under the Gold's Gym name.

The honors were Conversion Gym of the Year and Licensee of the Year. The Douglasville Gold's Gym won the Conversion Gym of the Year Award and the Licensee of the Year Award went to the Marietta location. Licensee of the Year Award is given to the facility that has made the largest impact in the fitness industry after changing to the Gold's name. The two clubs were named out of 30 original nominees and 5 finalists from each division. Other finalists included Gold's Gyms in Virginia, New York, Japan, Russia and Honduras.

"It's an exciting time for us," commented club owner Gordon Johnson. "Being in the Atlanta area for fourteen years, we've seen clubs come and go, so

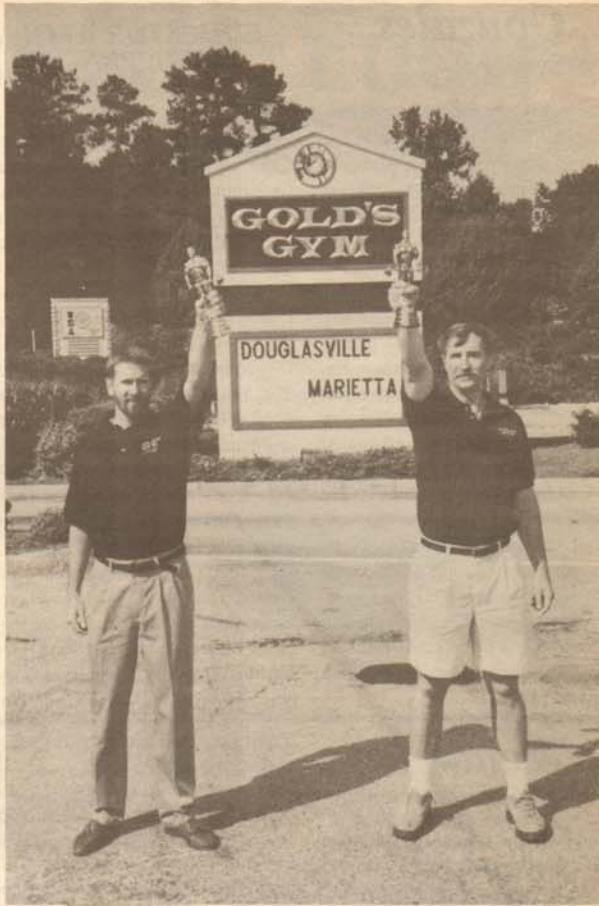
awards like these are really tributes to the persistence and dedication of our staff over all these years. Also, with the news from the Surgeon General on the importance of exercise and the incredible public interest in fitness, I still feel like our best years are ahead of us."

The Douglasville Gold's Gym has become known throughout the United States, in part because of the regionally and nationally acclaimed staff members it has attracted and also because of the variety and vastness of the facility. Douglasville club manager Tom Butler, a former IHRSA (International Health, Racquet and Sportsclub Association) National Salesperson of the Year comments, "There is a unique, almost spiritual feeling in this facility among the membership. I think to a large degree it's because we have so many members who have been with the club for years and have seen it grow into something spectacular. They truly feel they belong to a special place."

Skip Johnson, a past winner of the USPTA (United States Professional Tennis Association) Georgia Pro of the Year Award, and now managing part-

ner at the Marietta facility added, "One of the aspects of the gyms which people find appealing is that the clubs are committed to constant improvement. Although we've been listed among the Atlanta Business Chronicle's Top 10 list for years, we are always looking for ways that we can do better. For example, one of the things that excited our Marietta staff was the comment of the Gold's Gym national inspector who upon reviewing our club said it was the cleanest Gold's Gym he'd been in. There are over 500 Gold's Gyms..... things like that just plain make it great fun!"

Gold's Gym of Douglasville is in the midst of a \$1 million renovation program which has resulted in even more enthusiasm among its members. Included in the renovation is an area which undoubtedly is unique among Gold's Gyms: a state-of-the-art workout area (aptly called 'The Retreat') which plays strictly classical music. According to Butler, "It's been an incredible success. From stressed out executives to frazzled Moms, 'The Retreat' has been an exercise oasis."



Skip Johnson (left) and Tom Butler

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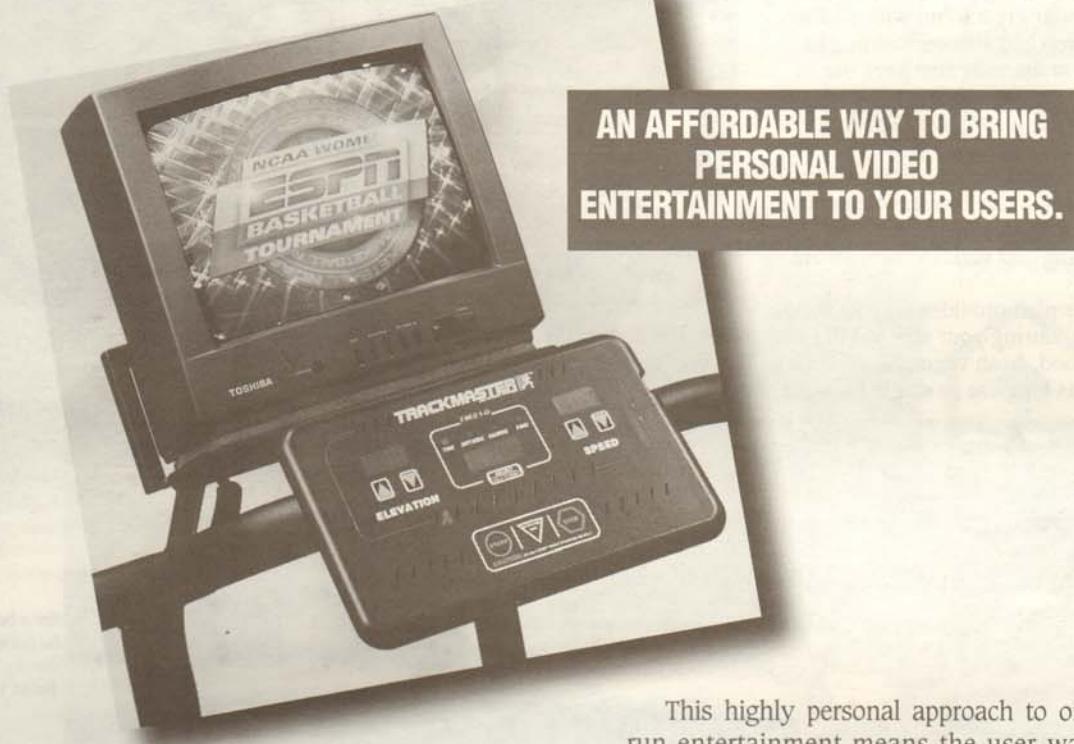
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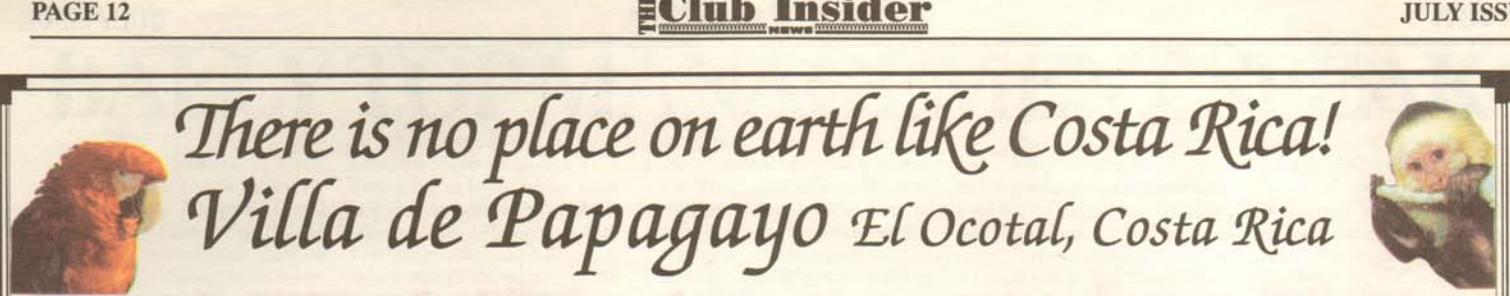
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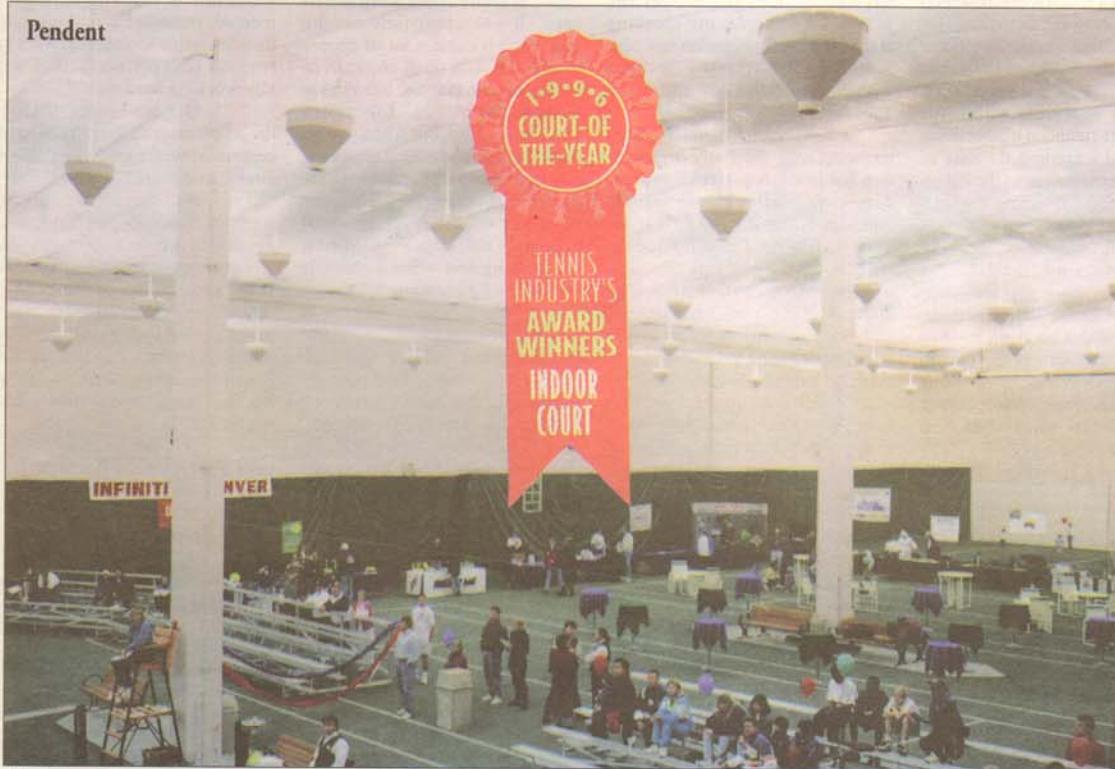
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BALLY TOP MANAGEMENT SPEAKS

San Francisco, Ca. - As a follow-up to the interview with Bally Total Fitness CEO and President, Lee Hillman, we had the opportunity to hear from three of Hillman's top management team. Their comments were interesting and excerpts from that interview follow. We spoke with Dave Tolmie, Senior Vice President of Development, John Wilson, Director of Operations, Larry Dakof, Director of Purchasing and Jason Conviser, Consultant of JMC and Associates.

Q. Club Insider - "From a management style - point of view - compare Lee Hillman to his predecessor, your former boss, Mike Lucci."

A. Dave Tolmie - "Lee thinks about the business very broadly in terms of various sources of revenue. Mike had a deeper operational orientation. Lee's approach is to put more of that operational responsibility further down into the regional levels to our

Area Directors. But, at the same time, he wants to have a very firm grasp of control over what is going on across the country. Another big difference is that Lee brings much more financial orientation to the equation. He was the Chief Financial Officer of Bally Entertainment which is a big job. Lee is a very bright guy and was responsible for some huge financial transactions, up to and including the sale of Bally Entertainment to the Hilton Corporation. Bringing that orientation to Bally Total Fitness is a big plus."

Q. Club Insider - "I came away from my conversations with Lee with a strong impression about his dedication to learning from others in the club industry. What have your thoughts and discussions about the possible admission into IHRSA been, if any?"

A. Tolmie - "I think there is an interest on our part to reach out to IHRSA. I'm not

saying that it is our absolute goal to be a member of IHRSA or that it's IHRSA's goal to have Bally as a member. We probably need to take it one step at a time. There have been steps taken over the years...for example, my speaking at the IHRSA Convention last year at the State of the Industry luncheon with Steven Schwartz and Mike Talla."

A. Jason Conviser - "After being with the Bally organization for just a few weeks, my understanding after conversations with Lee is that the end goal is not necessarily to be admitted to IHRSA, but the goal here is to have a portfolio of clubs that are quality clubs. And, if that results in IHRSA and Bally coming together, that's fine, but the first goal is to make sure that each Bally club stands by itself and as a group stand on their own and raises the standard. That makes everybody better off in the industry."

A. Tolmie - "Yesterday at the Global Industry Summit, John McCarthy was saying the goal for the industry should be how do we double the number of people working out in health clubs. Augie Nieto, of Life Fitness, was saying the same thing. We have the same goal. It is not necessarily our goal to increase our market share by taking members from IHRSA clubs. Instead, we want to reach out and generate new members by tapping into new markets. Secondly, we want to generate new dollars from existing members doing many of the things IHRSA clubs are already doing. If you look at the IHRSA Industry Data Survey, 40% of revenues or more are coming from ancillary services: pro shop, programs, court fees, leagues, lessons, etc. Lee's strategic focus is pushing us more in this direction than we were in the past. Bally's strategy is not a market share game. It is a grow the market game. This should benefit the entire industry."

A. Larry Dakof - "I think the latest studies show that 6% of the population are working out in clubs. Imagine if we can grow the market to add 3 or 4% to that...the numbers are significant!"

Q. Club Insider - "The change of the sales culture at Bally Total Fitness is of great interest to many people. About two years ago you all developed, at great expense, a totally new sales training program. What is the status with that program?"

A. John Wilson - "We call it the NTI. National Training Initiative. A lot of our people were really receptive to the new training program because it was one of the things that we have lacked in our company. In each individual club it almost seemed that you were at the mercy of your manager whether he was a good manager at training who could transfer his skills or whether he wasn't. By having the NTI training you couldn't miss with it. Everybody from the supervisors to the managers can read the books and it was a very efficient way to

train. After a six-month period we just literally start the training over and continue to repeat the process until we've sharpened and honed our skills from a sales point of view. It really made a big difference. It was a long time coming and when it came a lot of people received it with open arms...even for the people that had been in the business for awhile. I thought I was pretty sharp, but when you go back through the training, you really become sharper and more efficient. We raised the bar for our standards and the program is still ongoing now. We went without it for too long and when it came, it seemed like a blessing."

A. Tolmie - "There is nothing more important to Bally and to IHRSA clubs than to have quality personnel. Due to high turnover in this industry, training has to work extra hard to develop quality people. Another thing that we have done over the last two years is to triple the number of club shops. Every club in the country is being shopped annually to assess quality of the facility, the quality of the treatment of the prospect, any potential for misrepresentation and an understanding as to how that prospect felt when he walked out the door. Every Area Director receives the results of these shops and there is disciplinary action taken when there is a violation of company policy. We are serious about this issue."

Q. Club Insider - "My next question ties into the disciplinary issues. Lee was explaining to me the reporting system and process that you have developed. Let me give you an example. In southeast Florida in one of your new locations about a year ago, it was discovered that one of your sales people was changing membership contracts to show 16 year-olds as age 18 so the contracts would be valid. Lee Hillman indicated that the violation was dealt with in a swift and decisive manner and the people involved were terminated. Tell us about the situation."

A. Tolmie - "We jumped on this complaint as soon as we received it. We did an audit of over 1,000 members at this particular location who were under the age of 27. We verified their age and we found there were probably three or four minors out of 1,000. Memberships were cancelled and money was returned in all instances after speaking to the minor and his or her parents."

Q. Club Insider - "What I am trying to get to is this. We have many IHRSA clubs that are looking at your changes and hearing your message, but are asking: 'what are they doing when they see violations?'

A. Tolmie - "Anytime we have a complaint filed there is an in-house customer service department, which Lee recently expanded, to follow up on those complaints. The local Area Director investigates the complaint

and then our Customer Service Department follows up to 'close the loop.' As far as the club shops are concerned, we have a highly systematized process to make sure any violation is investigated, documented, remedial action taken and that discipline took place. This system still isn't perfect, but we're really working hard on it."

Q. Club Insider - "One of the problems with the retraining process is how do you get the 'old-guard' to change?"

A. Tolmie - "We still have some of those people, but I would guess that we now have far fewer 15+ year employees than we did five years ago. Some of the behavior that allowed the 'old-timers' to make a good living isn't being tolerated anymore. Lee and the management team are dedicated to seeing that the company policies are adhered to!"

Q. Club Insider - "Where does Bally Total Fitness stand in terms of units? Are you going up or down in numbers? Are you rebuilding replacement clubs?"

A. Tolmie - "We have several new clubs underway right now. Columbia Center in Detroit, new clubs in San Antonio and Dallas, Texas, in lower Manhattan, the Philadelphia market where we just replaced our Cherry Hill Club. So, there is a constant process of upgrading and building market share in existing markets. We also have franchising where we have just completed our first franchise. Syracuse, New York was a single club market for us and so by selling the franchise to a local operator, who already has two clubs, Bally will be in the market with three clubs without being the operator."

Q. Club Insider - "In markets where you don't have the size you want, would Bally sell out?"

A. Tolmie - "We are not interested in reducing the Bally presence in the smaller markets. We would, however, sell a franchise enabling a local owner/operator to run the club using our name, advertising, systems, etc."

Q. Club Insider - "Do you have a plan in process to move Bally Total Fitness in the direction of the IHRSA Standards?"

A. Tolmie - "I would respond that our goal isn't to define quality as specifically AS those particular guidelines which IHRSA has established. We strive to provide a quality operation and service, to operate professionally, to provide a good experience for our members, to be a positive career opportunity for our employees, to be a growth company and to operate with honor and integrity. Those are our goals and our standards. I would expect that over time, Bally's standards and IHRSA's Standards, even if they don't line up point for point, will be compatible philosophically. Finding ways to work together will benefit all of us."

Q. Club Insider - "Thanks guys for taking the time to share your plans and thoughts with us."

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me they can't exercise without it now," said David Patchell-Evans of The Good Life Clubs. "The introduction of Wireless CardioTheater will now make installation and maintenance even easier."

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MAKE IT FUN!

We contacted Dayna Deutsch, the Director of Public Relations for The Marsh in Minnetonka, Minnesota to hear what she had to say about how they MAKE IT FUN! at the Marsh. The Marsh may be the world's most renowned Wellness/Athletic Club. It is 60,000 square feet and supports a membership of 2500.

Dayna explained how they go about Making The Marsh Fun as follows: "Fun is an interesting word at the Marsh. Our entire culture and our mission is more about building relationships and members having fun and employees having fun..... the line between that is invisible. I think what may be different about us is the longevity of our employees, how they are given the permission and the freedom to really get to know every member - to understand what they are, so that when members come in to the club and have their experiences here, they know our staff just as well. It is that level of relationship and that sense of comfort...the feedback we often get from our members is their description of The Marsh as their 'second home.' That really spells fun to us.... that makes it pleasurable... it makes it enjoyable. It makes people feel very closely connected as if we are a second family to them. We don't do gimmicky promotions or campaigns. We stay very close to our mission. We do special things to express our value to our membership, hopefully everyday. A few key times during the year we have special events to express our appreciation. One is a Holiday Member Appreciation Party done The Marsh way. Very personal. Low key. In our lobby. Complimentary to our member. It is just a little time for R & R and social time with them. Another key event that is both member and community based. It is an annual run and walk called "The Turkey Trot." It is held the first Saturday in November. In this climate - people love that. They set a goal for this event, but more often it is for the recreational walker or runner. It is cold outside and it is really fun as we embrace the outdoors. We've also had a lot of fun with snowshoeing around our grounds. It is a lovely post-card setting. In the Summer, we will have spontaneous - after work walks in the area. We keep it all on a very person to person level that members want to protect! Our members have a strong feeling of ownership of their club! Our approach is that if it is right for us, we implement it in our own way. We have a good time!"

Four Club Trends For The Future

By Curt Beusman, Ph.D.

(Reprinted from
NEHRSA News July/August '97)

TREND # 1 - Consumer interest in fitness will continue to grow - rapidly and into all age groups.

Indicators:

- New clubs are being built
- Chains are growing and acquiring sites (CSI, 24 Hour Fitness, TCA, Gold's, Sport Clubs, WellBridge)
- Consolidation and facility sales lead to capital influx
- Hospital and Corporate centers being developed
- TV Infomercials generate interest and large grosses
- Surgeon General's Report just starting to have effect
- IHRSA club growth was 22% vs '95

So what's to do?

- New marketing strategies must reflect the opportunity
- Develop response to non-profits rather than "no fair"
- Raise sales goals and

pricing if demand truly develops
market to each demographic group

- Aggressively niche in top shape to meet competitors
- Maintain physical plant

TREND # 2 - Member services in clubs will become personalized

Indicators:

- Tremendous growth in personal training revenues
- New individualized/ personalized equipment available (LifeFitness, FITLINXX, Technogym)
- Database management software now available

So what's to do?

- New training required to bring staff up to speed
- New hardware/software must be integrated into current systems. File cards and workout sheets will be obsolete.
- Will require capital influx and management commitment
- Retention should improve - labor cost per member will rise. Net profiting effect - up or down?

TREND #3- Specialty retail sales of fitness equipment to boom

Indicators:

- Specialty fitness retail store chains growing quickly (Omni, Gym Source, Fitness Depot (Canada), NordicTrac, Sports Authority, Busybody)
- Market is large and active (\$3 billion last year)
- Infomercials accelerate the buying frenzy

- Major chains involved - Sears, Service Merchandise
- Manufacturers developing home units

So what's to do?

- Sell equipment at club through buying group
- Tie-in with local retailer through fusion marketing
- Encourage members to buy-maintain activity level
- Bargain for club member discounts with local seller
- Maintain "cutting edge" image and technical know-how
- Sell to members through Internet marketing (Fitness Zone, Nordic Track, LifeFitness)

TREND #4- Owners demand more staff professionalism

Indicators:

- Larger capital investments will demand larger returns
- Sales of family-owned clubs will shift management culture and style. More impersonal, results-based

- Hiring and training will become more professional
- There are now trained managers available in industry

- Colleges are providing training at all levels

So what's to do?

- Employees must have basic computer literacy- spread sheets, word processing, database know-how
- Owners and managers must teach financial basics
- Marketing and selling skills at all levels required
- Interpersonal skills - clarifying, confirming, supporting will become dominant
- More career path movement than in past.



Curt Beusman, Ph. D.

(Curt Beusman, Ph.D. is the owner of Saw Mill Club and two Sportsplex Clubs in New York and Connecticut, a Founding Member of IHRSA and 30-year club veteran. These trends, indicators and recommendations were presented at the NEHRSA Annual Spring Conference.)

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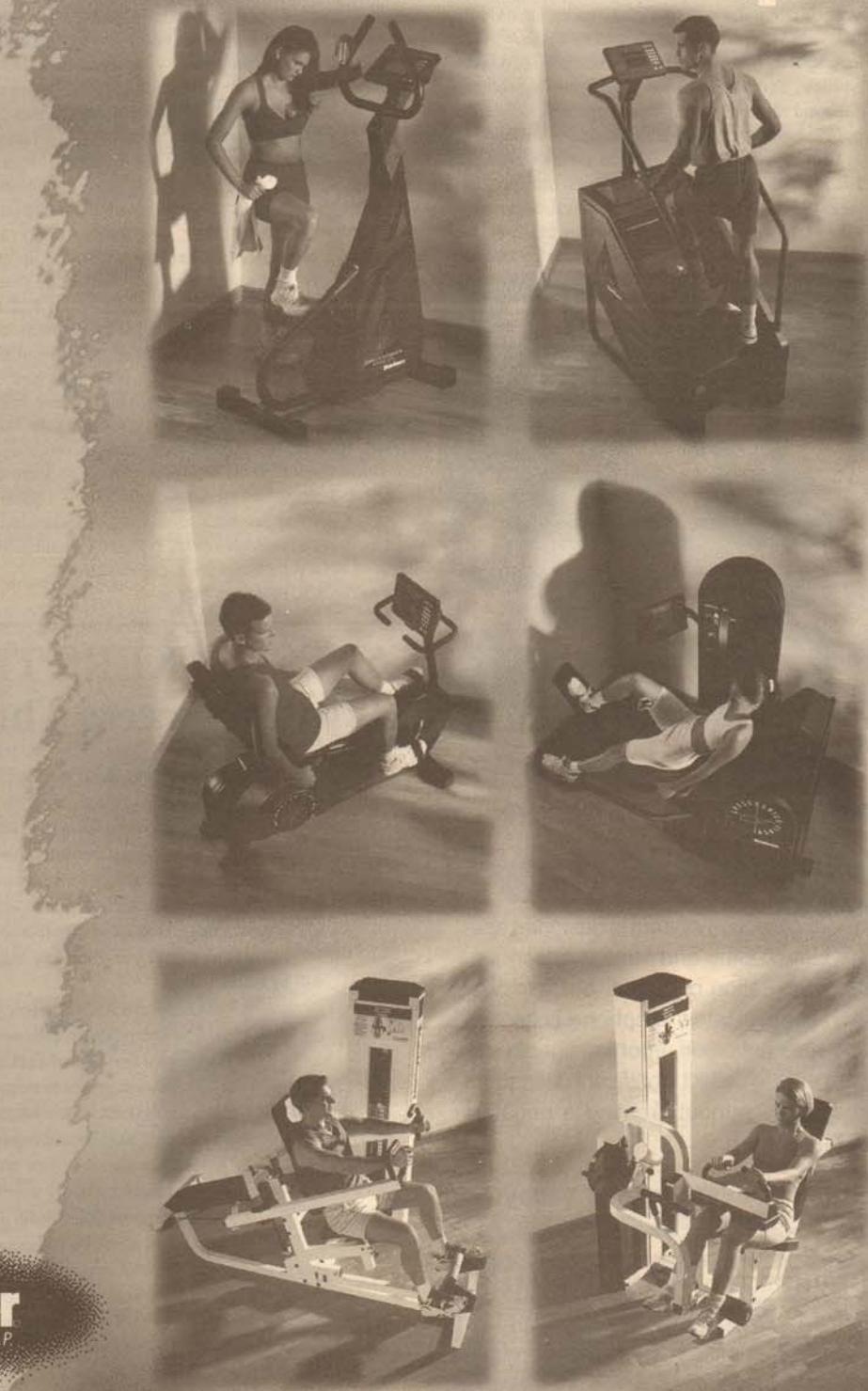
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Bally Total Fitness Develops And Shares "Golf Workout"

PGA Golfer Reduces Body Fat 25%, Adds 25 - 30 Yards To Drives!

Chicago, IL. - Bally Total Fitness, the largest operator of fitness centers in the U.S., has developed a workout just for golfers that is designed to help strengthen muscles, improve golf swing, increase head speed - adding driving distance, reduce chance of injury and aid in post-game recovery.

The workout was designed by Bally Total Fitness Arizona Area Director Paul Kennedy in conjunction with PGA golfer Corey LaRusso. "Performing the

Bally golf workout for a total of just 30 minutes three times per week, I reduced my body fat by 25 percent and added as much as 25 - 30 yards of driving distance to my golf game in only ten weeks!" said LaRusso.

"While golf is often considered to be a relaxing sport, repetitive movements can cause injuries - particularly in the lower back and hip areas - especially in golfers who do not participate in any other physical activity," said Paul Kennedy, Ed.D. of Bally Total Fitness. "Our golf training

workout can help improve flexibility and strengthen the golf swing while increasing lean muscle mass and protecting golfers from injury."

Bally Total Fitness recommends consulting with your doctor before starting your workout or beginning any exercise program.

THE BALLY TOTAL FITNESS® GOLF WORKOUT

WARM-UP:

- 5 minutes of moderate aerobic activity — treadmill, bicycle, etc.

STRENGTH TRAINING:

- Two chest exercises: one rotary (single bent arm fly) 8-12 repetitions, 1-3 sets; one multiple joint movement (bench press) 8-12 repetitions, 1-3 sets.

- Two upper back exercises: pull-overs and seated rows, 1-3 sets of 8-12 repetitions for each exercise. NOTE: Pullovers may ac-

tually enhance shoulder flexibility, which is critical to a better swing.

- Two shoulder exercises: lateral raise and seated press, 8-12 repetitions, 1-3 sets.

- Leg extensions, 10-15 repetitions, 1-3 sets.

- Leg curl, 10-15 repetitions, 1-3 sets.

- Leg press, 10-15 repetitions, 1-3 sets.

- Abdominal crunches until close to fatigue. For best results, the crunch movement should be up quickly, but under control and down slowly.

- Rotary torso exercise: 12 repetitions on each side, 3 sets. For best results, lie on your back with legs bent in a crunch position. Move your legs side to side touching the floor. This exercise will stretch and strengthen the lower back muscles and obliques.

- Back extension or low back extension for lower back strengthening, 8-12 repetitions, 1-3 sets.

CARDIO-VASCULAR TRAINING:

Choose any activity you enjoy that elevates the heart rate to target heart rate zone and perform it three times per week for 20 to 30 minutes. Running, biking and brisk walking are good examples.

OTHER TIPS:

- Always strength train after you play — working out before your game leaves your body pre-fatigued.

- If you are combining cardio-vascular workout and strength training in the same day, do cardio first, strength training second.

- Allow 24-48 hours of recovery time between workout sessions.

- Incorporate some basic stretches, particularly for the lower back. Do not bounce and stretch after muscles are warm.

SALES MAKERS TIP OF THE MONTH

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1. It is your attitude at the beginning of a task which will affect the outcome more than anything else.

2. We are interdependent: it is impossible to succeed without others. It is your attitude toward others that determines their attitude toward you.

3. Before a person can achieve the kind of life he wants, he must become that kind of individual; he must think, act, walk and conduct himself in his daily life as would the person he wishes to become.

4. The higher you go in any organization of value, the attitude you find will be better.

5. Your mind can hold only one thought at a time and since there is nothing at all to gain by being negative, be positive.

6. The deepest cravings of human beings are to be needed, to feel important and to be appreciated; give it to them and they'll return it.

7. Look for the best in new ideas. As someone once said, "I have never met a person I couldn't learn something from."

8. Don't waste valuable time broadcasting personal problems. It probably won't help you and it certainly won't help others.

9. Don't talk about your health unless it is good.

10. Radiate an aura of well being, of confidence, of a person who knows where he is going; this will inspire those around you, and you will find good things will begin to happen to you.

11. For the next 30 days, treat everyone with whom you come in contact as though they are the most important people on earth. If you do this for 30 days, you will do it for the rest of your life.

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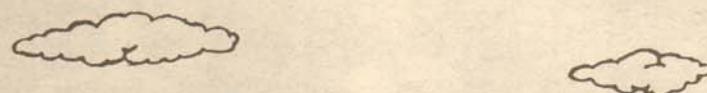
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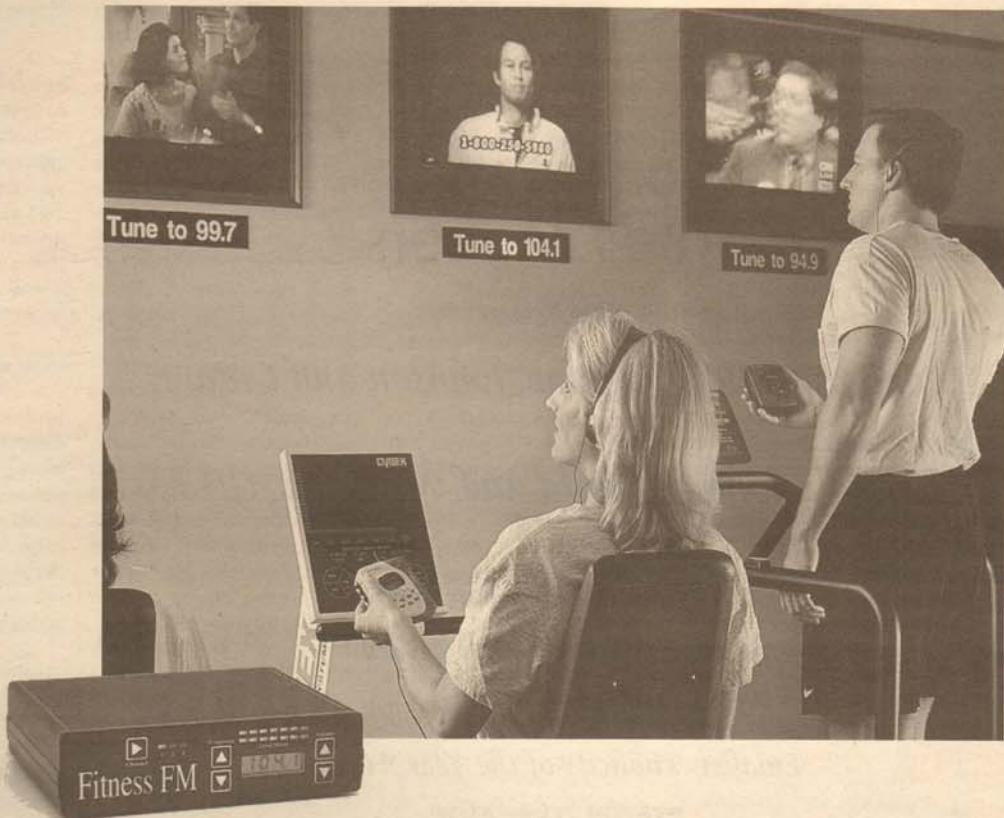
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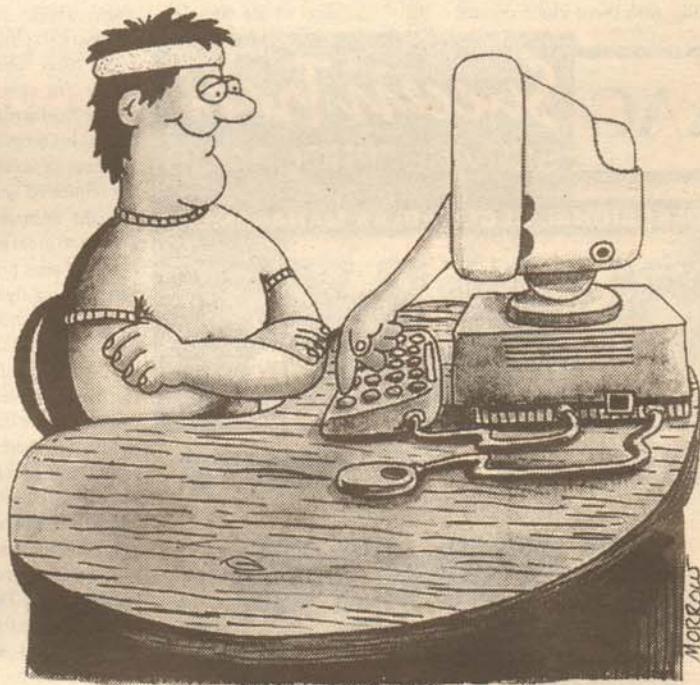
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Clubs And Common Area Maintenance Charges

By Benson V. Lloyd

Although I have been an active participant in the field of commercial real estate for over 30 years both as a landlord and in representing the needs of tenants, it wasn't until 1994 that I was called upon to negotiate my first fitness club lease. My initial task was to review the leases of seven clubs owned by a major club operator to determine what areas might be detrimental to the various club's bottom line performance. Given my own fitness background and my continuing interest in the field, I am surprised it took this long to finally become involved. My experience working with these clubs created

the foundation that resulted in my solely representing fitness clubs with their leasing requirements. In this capacity, I have advised clubs ranging in size from 2,000 square feet through 40,000 square feet. I discovered that while most owners and managers have a basic understanding of the deal points in their lease, they are generally unaware of the financial impact that certain sections can have on their annual cash flow.

Without exception, the least understood section is common area maintenance (CAM) and the tenant's costs associated with it. Simply stated, CAM includes all operating expenses, including property taxes, that are incurred by the landlord in the daily operation of the complex

in which the tenant resides. These expenses are billed back to the tenants by the landlord based on the square footage each tenant occupies in the complex. This figure is shown as a percentage number in the lease and represents each tenant's pro rata share of the expenses that will be billed to them. Usually within the first three months of every calendar year, the landlord will furnish each tenant with an estimated CAM charge for the current year. Regardless of when the tenant receives this estimated bill, it is retroactive back to January 1st of this year. In most cases, the landlord will also include with this estimated CAM expense budget the previous year's actual CAM expense reconciliation spreadsheet. At this point, the club owner usually either skips to the last paragraph of the landlord's cover letter which indicates how much his new monthly CAM charge has increased and pays it or he asks his accountant to review the numbers for accuracy and then pays the requested amount. Occasionally, the estimated CAM increase may be so great as to cause the club owner to seek professional help in verifying the figures.

Unfortunately, many club owners look at CAM expenses as the "cost of doing business," not realizing what recourse they have. The real estate lease is not a sacred document. There are many tenant's rights and privileges contained within its pages. In the proper hands, the lease can be used like a scalpel by the tenant, especially at renewal time, to carve out changes to his benefit. This also holds true when it is time for the tenant to approve both last year's CAM reconciliation and the new year's estimated CAM budget. As an example, it is possible to negotiate a limit or "cap" on the operating expense portion of the CAM, thereby

limiting future annual increases to the tenant.

One of the first items to check is the real estate property tax bill to see if the landlord has paid it. A simple phone call to the Assessor's office with the legal description of the landlord's property (contained in the lease) will verify payment. You would be surprised how many times the landlord delayed paying the tax even though the tenant's have previously reimbursed him for this expense. The next and most important item is the computer-generated CAM reconciliation spreadsheet for the previous years' expenses. In reviewing the line items, if there are entries such as "other expenses," "miscellaneous repairs and supplies" or other vague or general categories, they should be noted. These are "red flags" that need to be explained in detail by the landlord at the CAM audit. Armed with this information, the tenant can make an appointment with his accountant or bookkeeper to meet with the landlord for the purpose of sitting down and reviewing the original paid invoices that support each line item on the reconciliation spreadsheet. Under the terms and conditions of a real estate lease, the landlord must provide this information in a timely manner when requested by the tenant. Certain landlords may be reluctant to review their actual expense records with the tenant, claiming that the computer-generated reconciliation is all that is required. This reluctance, however, can cause the landlord to be in default under the terms and conditions of the lease, leaving him exposed to



Benson Lloyd

possible legal action by the tenant. Most landlords do understand their responsibility to the tenant to provide this information and will assist him in conducting the CAM audit. In the event any unsubstantiated expenses are identified the landlord will most always credit the tenant's account.

Finally, should there be any reluctance on the part of the club owner to initiate a CAM expense review with the landlord, there are real estate leasing consultants to be found who can furnish him with the necessary guidelines on exactly how to perform a CAM audit.

(Benson V. Lloyd has been negotiating commercial real estate leases for over 30 years, representing both landlords and tenants. He has been able to negotiate savings for tenants ranging from \$1500 for a miscalculated CAM charge to over \$750,000 for a completely renegotiated 10-year lease. Mr. Lloyd may be reached at: 4738 Key Largo, Oak Park, CA 91301 or by telephone at: (818) 865-1986.)

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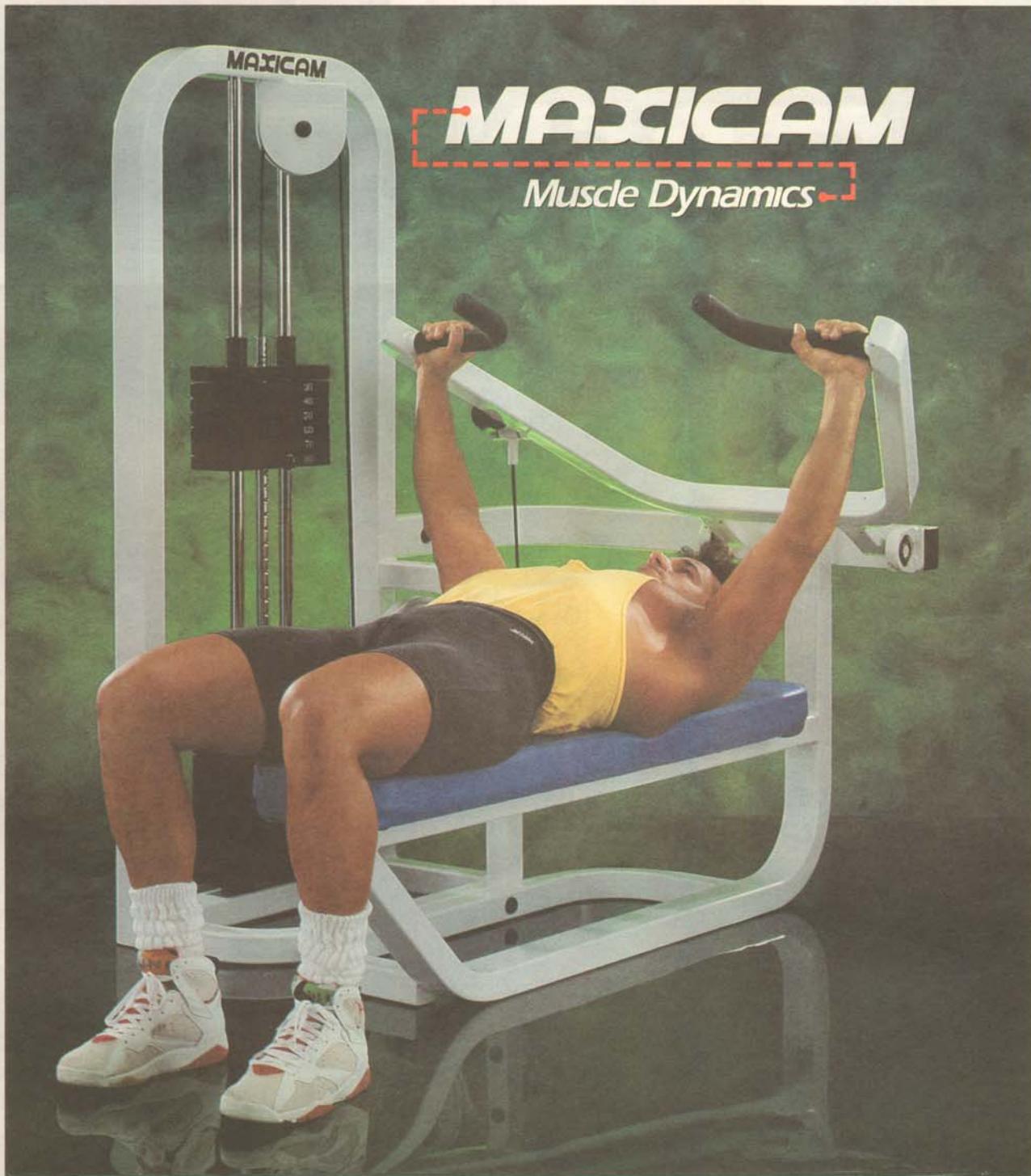
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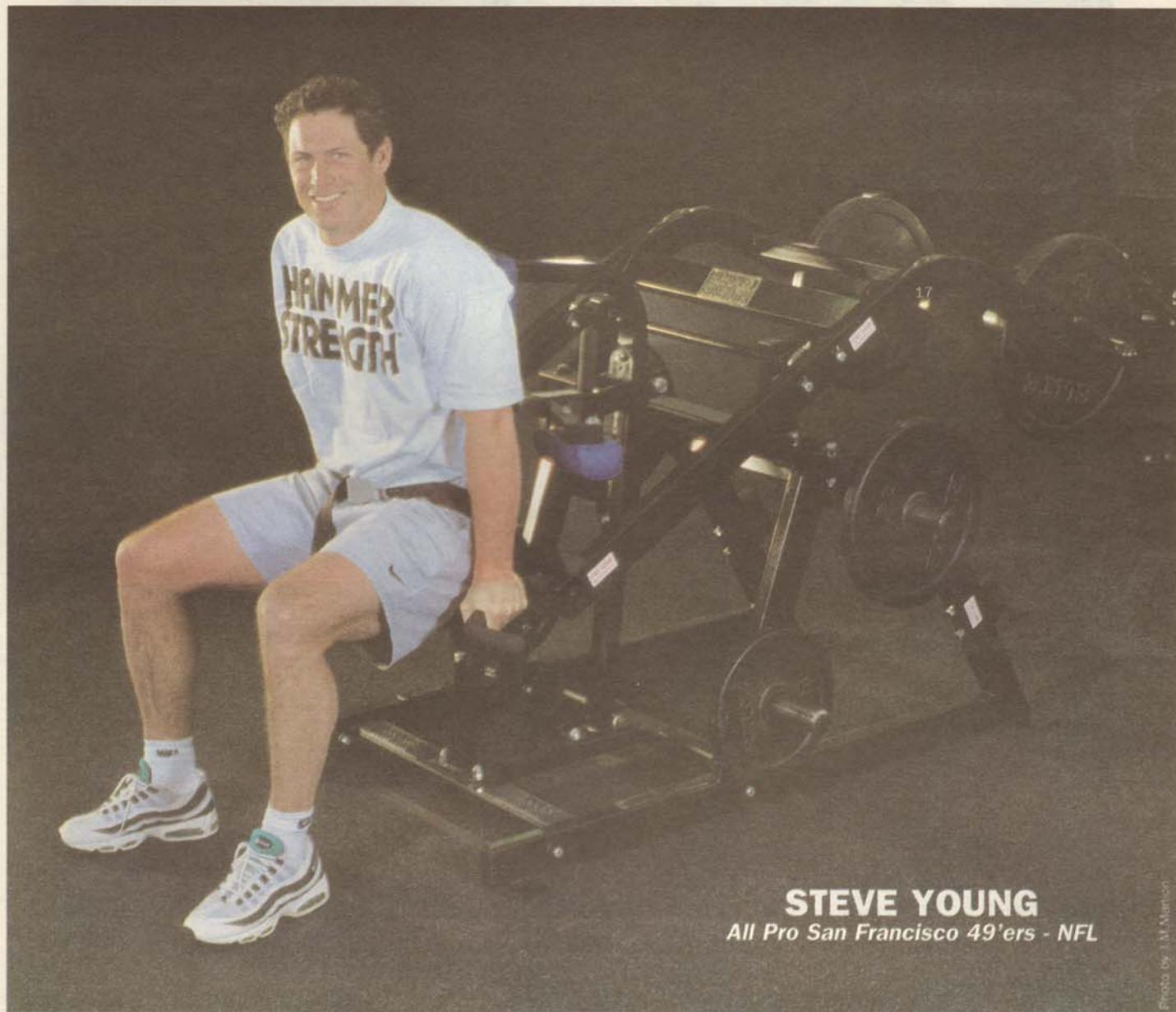
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