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THE Club Insider

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The Pulse of the Health, Racquet & Sports Club Business

SEPTEMBER 1997
VOLUME IV NUMBER 9



TIM MANSOUR

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THE Club Insider[®]

NEWS

The Pulse of the Health, Racquet & Sports Club Business

Gold's Gym Enterprises Sale To The Sports Club Company Rumored ... Fact Or Fiction? Late Breaking News!

By Norm Cates, Jr.

Venice Beach, CA. - A mystifying rumor has been flying around the club industry lately. The rumor? That Gold's Gym Enterprises, Inc. is being acquired by Mike Talla and The Sports Club Company, operators of numerous mega-clubs such as Sports Club L.A. and Reebok Sports Club New York.

This event, should it happen or not, raises many questions about how one of the top upscale club developers in the business plans to utilize Gold's Gym Enterprises or if there would be any connection of these two industry giants at all. The thinking seems to be that the Sports Club Company might want to acquire Gold's Gym Enterprises in order to broaden its market potential for members more aggressively. Talla has a history of being able to operate different brand name club products at different price points successfully as he started in

Southern California with The Sports Connection and Spectrum chains. If that is the case, the acquisition of Gold's Gym Enterprises, which now has over 500 locations under franchise/license agreements, would give Talla a significant opportunity to begin development and ownership of Gold's Gyms owned and operated by The Sports Club Company.

To keep you posted on this late breaking story and most interesting proposition, we contacted Mike Talla, the CEO of The Sports Club Company and Paul Grymkowski, President of Gold's Gym Franchising, Inc. to hear what they had to say.

Mike Talla was asked, "Rumor has it that you are seeking to acquire the Gold's Gym Enterprises organization, is that true?"

Talla responded, "Yes, we are. We have a confidentiality non-disclosure agreement that we've signed, but unfortunately, it seems like everybody in the country knows about it. It didn't remain a secret very long. Yes,

the word has spread. We have a letter of intent and are in escrow. We are doing due diligence."

CLUB INSIDER - Q. "This acquisition has a lot of people wondering what your thought process is and what you are up to because the Gold's Gym Enterprises is a significant departure from what you have been doing with The Sports Club Company."

Talla - "It's another market segment and a different kind of business. But, I'd like to call the Gold's Gym people and ask them if it's O.K. if I talk freely with you. I've got a signed agreement and don't want to cause any problems with that agreement. I'll be happy to tell you this: when the time comes, I'll talk to you first since you called me first. And, I'd be pleased to allow you to print, if you want to, an announcement that we have signed a letter of intent and we do have a definitive agreement letter of intent signed to purchase Gold's. As I am re-

leased by their attorneys to talk, you'll be the first phone call I'll make."

CLUB INSIDER - "Mike, I appreciate that because, as you know from being a subscriber, The **CLUB INSIDER** News is the first, usually by one month and often by two, to publish the latest breaking club industry news. So, we appreciate your time today and commitment to give us the story first when the time is right."

Paul Grymkowski began 17 years ago as President and Director of Gold's Gym Franchising. Grymkowski commented, "We receive 8 or 9 overtures to acquire our organization every year. On average, only 3 or 4 of those suitors will be qualified to acquire Gold's Gym Enterprises. We have been approached by huge, multi-billion dollar companies in the past, but none of the offers have been acceptable to us. However, I can tell you that there has been a group that recently approached us for acquisition and since they

did, several others have done so as well." Grymkowski continued, "Our organization now has over 500 locations and our international business is booming, up 60% in the last year! We now have two full time traveling inspectors and two part time. And, we are adding two more full time inspectors! We are adding 80 new locations per year and removing 40 per year due to standards non-compliance. The focal point of our growth has been to increase the quality of our facilities. We've been diligently upgrading our image over the past 17 years."

Asked if there was anything additional he could share with us about the possible acquisition at this time, he responded, "I can't comment any further due to our confidentiality agreement, but if and when we have a deal and are ready to announce it, The **CLUB INSIDER** News will be the first to know!"

So folks, stay tuned to The **CLUB INSIDER** News!

Tim Mansour First Ever To Win SBA Award!

By Norm Cates, Jr.

Tim Mansour, a 11 year veteran of the health club business and Founder and President of Fitness International, a four-club chain, made history in the health club industry earlier this year. He became the first health club owner in

America to win the Small Business Administration's Small Business Person of the Year Award on a state level. He also went on to Washington, D.C. for the SBA's Small Business Week competition for the National Small Business Person Award. His company, Fitness International, based in Gwinnett County, Georgia, also won the SBA awards for 'Best

Business Tip' and 'Best Advice Received' and for the 'Best Presentation' at the SBA Presentation Contest.

Tim Mansour founded Fitness International at age 23 in 1986, not long after he had graduated from college. Born in Griffin, Georgia and raised in Rome, Georgia, Mansour was a top athlete in high school and received

scholarship offers for both football and baseball. He chose to attend Livingston University in Alabama on a full football scholarship. Upon graduating with a degree in business, he moved back to Rome and took a job working in a local health club. After two and one half years in the health club business he made up his mind that he was going into

the health club business as an owner. However, it wasn't as easy as just making up his mind. Mansour recalls, "I was a young, 23-year old college graduate with a dream, but I found that banks were just not interested in loaning money to me to build a health club. I don't think that I would have ever gotten a loan without the Small

(See *Tim Mansour* page 11)

Inside The Insider

- Virtual Tennis League Launched
- Huge Michigan Athletic Club Expansion
- Body Pump Is Here!
- 10 Secrets To Club Success
- Waivers And Liability For Negligence
- IHSA Trend Report

StairMaster Sports/Medical Products Sold!

Kirkland, WA. - The senior management of StairMaster Sports/Medical Products, L.P. and John Rutledge Partners II, L.P., a private merchant banking

firm based in Greenwich, Connecticut, announced today the purchase of StairMaster from Garden Way Incorporated of Troy, New York. According to StairMaster's President and Chief

Executive Officer, Donald J. Wanat, "This transaction will provide the capital base that will enable StairMaster to aggressively pursue its growth strategy through

(See *Stairmaster* page 5)

•NORM'S NOTES•

The INSIDER SPEAKS PAGE was found here in the past. In the future, the Insider Speaks Editorial will only appear when we have a letter or article written by our readers or when it has become appropriate for me to communicate my views on a particular issue. I again reiterate that I welcome editorial writers on subjects that are of importance to the health, racquet and sportsclub industry.

The special issue on some of the **MOST SUCCESSFUL CLUBS** in America, scheduled for this edition, has been re-scheduled until our January, 1998 edition for more research. Stay tuned.

JIM FOSTER is a Boston lawyer that has felt compelled to file a lawsuit against HealthWorks, a leading Boston area women's only club chain for gender discrimination. The 13,000-member club group has so

far fought off Foster's efforts to win the case through Summary Judgement at a hearing held on August 8th. Now, the case is set to go to trial beginning September 29th. Good luck to **MARK AND PATRICIA HARRINGTON**, Co-President's of **Healthworks** and **HANNAH KARRAS**, Vice President, who has been dealing with many of the issues related to the case.

Congratulations to **RICK CARO**, President of N.Y.-based Management Vision, **KEN GERMANO**, Vice President of Global Sales for Reebok Cross Conditioning, **KATHY NENNEKER**, the Associate Publisher/Creative Director of the Women's Publishing Group at Weider Publications and **BILL SHANNON**, Manager of professional design and consulting at Walt Disney World, for their appointment to the Board of Directors of ACE, The American Council On Exercise. Also, con-

gratulation to everybody at ACE as ACE has won an **Award of Excellence** sponsored by the American Society of Association Executives (ASAE). (See article on page #24.)

TOM JOHNSON, former General Manager at **Weymouth Racquet Club** in Weymouth, MA., has joined **Saw Mill Club** in Mt. Kisco, New York, as General Manager. Johnston, 34, is currently Vice President of **NEHRSA**.

DAVID SWOPE has sold his White Plains, New York, **CLUB FIT** location to New York Sports Clubs, headed by **MARK SMITH**. David is very happy with the transaction, will continue to own and operate his other two clubs and indicated he is planning to develop new Club Fit locations in the future.

FERNANDO VELASCO, formerly Director of Tennis at **The Landings Club** in Savannah, Georgia, has been appointed to be the Director of Tennis at **Boca Pointe Country Club** in Boca Raton, Florida.

SAL PELLAGRINO, formerly the Eastern Regional Sales Manager for StairMaster, has joined **BILL AUSTIN'S** group of **Gold's Gyms** in New York and Southern Connecticut.

CURT BEUSMAN, one of our industries brightest minds and greatest leaders, tells me he is planning a major face-lift of his Sportsplex/Stamford under the design and guidance of **HERVE' LAVOIE**, noted Denver architect. Sportsplex/Stamford is a 30,000 square-foot



Norm Cates, Jr.

multisport club managed by **LINDA NARDONE**. Owners include: **LARRY KRIEGER**, **CHARLES BENEROFFE**, **TOM PEAR**, **RICK BEUSMAN** AND **CURT BEUSMAN**. Construction is slated to start in October for a January, '98 opening.

The **USPTA** has awarded President **GEORGE BUSH** an honorary membership, citing President Bush's lifetime enthusiasm for the sport of tennis. I had the honor of having then Vice President Bush to work out in my club several times during the 1988 Presidential campaign. He is a warm and very considerate human being and we wish him and **MRS.**

BUSH all the best.

My apologies to **DICK MITCHELL** of the **CheckFree Corporation** for my unclear writing in the article about Membership Pricing Structure where I mentioned Dick's name along with **BROTHER CURT BEUSMAN'S** as having been club owners that had pioneered Electronic Funds Transfers. What I was trying to say was that Dick Mitchell was a pioneer on the technical side with his company **RCM Corporation**.

GEOFF DYER, President of **Lifestyles Family Fitness Centers** in the Tampa, Florida area, has announced the development of a new location in Seminole. (See Norm's Notes page 5)

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Hammer Strength	401	Outside back cover
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...Norm's Notes

continued from page 4

nole, Florida and the Grand Re-Opening of the Twin Oaks Plaza location after a \$600,000 facelift! Good luck Goeff!

MICHAEL HOFFMAN of **HEART COMMUNICATIONS** informs me that he has two friends, **TOM AND MEG KELLY**, who are conducting a contest to raffle away their 4,000 square-foot health club called **Physical Advantage Health and Fitness Club**. To enter, all you have to do is write a 150 - word essay on the topic: "Why I Want To Own A Health Club," and send it with a \$75 entry fee. The club is located in Ridgecrest, California, 140 miles northeast of Los Angeles. A panel of seven charter Physical Advantage members will

select the winner from the essays by December 30, 1997 and will be announced on December 31, 1997. The folks are getting out of the club business so their family can be united with a relocation to the area where Tom has been commuting to work. To speak directly to Meg Kelly for more details, call (760) 375-8957. Maybe Tom and Meg will allow **The CLUB INSIDER** News to publish the winning essay and/or maybe even the top three?

The **CLUB INDUSTRY Convention and Trade Show** will be held in Chicago, November 12 thru 15th. The headquarters hotel will be the Palmer House Hilton (Call 1-800-Hiltons) and discounted air travel on United Airlines (call 1-800-521-4041 and give them code# 5176K). **HERB GREENBAUM**, of **CLUB INDUSTRY** has put together a great trade show. Many of our advertisers will be exhibiting, so be sure to check out the

list of their exhibit numbers in this edition.

Veteran club manager, and IHRSA Board Member, **BOB CHAIKEN**, has moved to Denver, Colorado to take over as the Area Manager for **Club Sports International's** 6 Denver area clubs. Good luck Bob in your new role with the ever growing CSI!

The Northwest Athletic Club Company (NACC) has become official as it opened its doors for business formally on September 2, 1997. The new organization is a Limited Liability Company formed by 56 member clubs, all of whom bought at least one \$1500 share in the company. The new Association replaces the highly successful Northwest Athletic Club Association (NACA). NACC member clubs have over 150,000 members and employ more than 2,300 people. NACC will provide discount buying services, reciprocal memberships between clubs and joint marketing of the group of clubs under one brand name. The Association also has very stiff admission requirements for clubs. There will now be a six-month period where no more clubs will be admitted to comply with SEC requirements.

Neither **AUGIE NIETO**, of **LifeFitness** or **TOM PROFITT** of **HAMMER STRENGTH** will confirm it, but good sources tell me that

LifeFitness has an agreement to purchase Hammer Strength. Sources say due diligence is currently being done by Life Fitness and that a closing on the deal is not far off. This will mark the first acquisition by LifeFitness since it was acquired by the giant Brunswick Corporation, whose stock is now trading at an all-time high. We hope to know more as soon as the parties are in a position to release it.

LEE HILLMAN, the CEO and President of **Bally Total Fitness**, tells me that he has offered club industry consultant, **JASON CONVISER** a full-time position working for Bally Total Fitness. No word at press time as to whether Jason is going to leave his successful hospital/healthclub consulting business to join Bally Total Fitness. Hillman must be doing some things well as Bally Total Fitness stock has doubled and is now trading at around \$14. Sources say that Hillman plans to use the \$90 million recently raised to build 15-25 new clubs, refurbish 75-80 of the existing locations, launch their vitamin and apparel lines and to reduce the company debt. (See article in this edition.)

IHRSA's 11th Annual Sales, Marketing and Programming Conference will be held in Orlando, Florida, December 3 through 6th. The event will feature speakers, **DRS. KEVIN** and

JACKIE FREIBERG, co-authors of the best-selling **NUTS! Southwest Airlines' Crazy Recipe for Business and Personal Success**, who will deliver the opening keynote address. To register call IHRSA at: (800) 228-4772.

The Sport and Health Group, based in the Washington, D.C. area, has won the bid for the **Tyson's Corner Sporting Club**.

NICK ORLANDO, one of the Founders of **StairMaster**, tells me he has now been completely bought out in the StairMaster deal and is looking for a new business to enter. If you have interest, contact Nick through StairMaster or give me a call and I'll pass your number on to him. Nick was very kind to keep me informed about the StairMaster deal and kept his promise when he told me last April at IHRSA San Francisco that he would call me when the deal was done. Good luck to you, Nick Orlando, one of the true gentlemen in our industry.

John Spannuth, the President/CEO of **The United States Water Fitness Association** tells us that the 10th Anniversary of the International Water Fitness and Aquatics Conference will be held in Santa Rosa, California October 8 thru 11. For Information call: (561)-732-9908.

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StairMaster...

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key acquisitions, as well as continue to develop new innovative products and marketing programs for its customers. As always, we will remain committed to providing excellent service to our customers and believe that this transaction will enhance our ability to provide such service in the future."

Headquartered in Kirkland, Washington, StairMaster is a world-wide leader in providing high quality exercise equipment to the fitness industry and home consumers. It maintains manufacturing operations in Tulsa, Oklahoma, as well as international operations in England and Germany. "StairMaster is one of those marquee companies that has very loyal customers, great products and a wonderful brand name and reputation," said John Rutledge of Rutledge Partners, "The quality of our employees is superior; they have a very positive outlook for the future and are eager to grow. We look forward to working with the employees

and management team of StairMaster and the opportunity to grow the business."

We contacted Don Wanat, President and CEO of StairMaster, to find out further details. Mr. Wanat commented, "We began discussions with the former owners a year and a half ago. There were some things they needed to work through. We persevered and I think we will be bigger, better and stronger for it. "When asked, "Do you have any firm plans for the future such as acquisitions?", Wanat responded, "We've got a lot of thoughts relative to planning we've done and the discussions we've had with our partners. I think it is a little premature to be able to talk about anything with real specificity. We've worked real hard at getting past this step 1. We certainly don't expect to lay back and take a holiday, so to speak. This industry has been going through a fair amount of consolidation. We certainly intend to remain a major world-class player in this industry. We would not have worked as hard on this step if we had planned to stop. We need to kick back and refocus our energy on the next steps, but we

want to do what is necessary to be recognized as a solid -full line player that can really take care of our customers needs. That will require a lot of hard work with new products. Certainly, we can innovate and bring from here. It also makes very good sense for us to look very hard at some strategic acquisitions. That just gets you there a lot faster and if you do it with the right people, it just helps make you bigger. Size for size sake is not that important to us, but size for good quality - good profitability, ability to deliver to the customers what they want, really expect and look for from us. That's certainly more important than being a big company. We want to be really a quality company with quality products - quality service. We've got to give guys like Nick Orlando and the others credit for having set the foundation well. For having carried through to the point that they did. I think now it's up to us to grab the torch and take it to the next level. We certainly don't want to dismantle anything; we want to build on what we've got. We won't be making any dramatic changes here in Washington or in Tulsa where our factory is."

Private Tennis Club Association Rolls Out VIRTUAL LEAGUE TENNIS™

Newport Beach, CA. - Ken Stuart, owner of the Palisades Tennis Club in Newport Beach, California, has used his entrepreneurial skills to develop a very unique league program for his and other clubs across the country. The new Virtual League Tennis Leagues are being rolled out this month in Orange County, California.

Virtual League Tennis™ is a brand new concept in inter-club League competition. Leagues have been formed among the 21 Private Tennis Clubs in Orange County. Play throughout the year will have

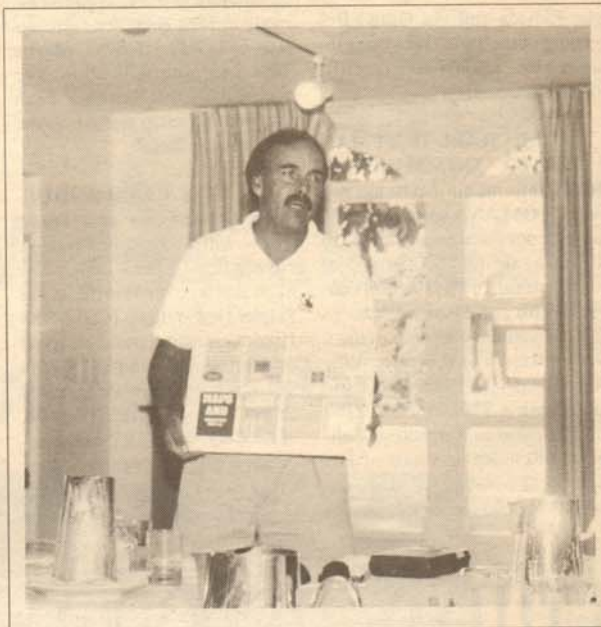
three "seasons". The first season will be limited to 4.0 and 4.5 Men's and Women's Doubles only. The entire league, including scheduling, playoffs, team standings and individual rankings will be managed via the Internet on Web TV™ at each of the participating club locations. Participants will be able to view their respective team standings, future schedules and individual rankings within their respective leagues and throughout Orange County..... instantly!

The rules for Virtual League Tennis™ for the Fall of 1997 are designed with three

objectives: Simplicity, Competitiveness and Fun! Play began on Tuesday, September 9, 1997.

One of the primary objectives of Virtual League Tennis is to promote full dues-paying memberships in Orange County, for-profit tennis clubs. Importantly, Virtual League Tennis is available only to full dues-paying members at the highest advertised monthly dues rate of the club they represent. There are no exceptions. Categories of club memberships which are ineligible for league play are: a) Limited Use Memberships b) Out of town or Nonresident Memberships c) Honorary Memberships. Club employees are eligible to play (Tennis Professionals and other staff) if approved by the club.

Cecil Spearman, the former owner of the John Wayne Tennis Club (now called the Palisades Tennis Club) and current owner of Laguna Niguel Tennis Club and the Monarch Beach Tennis Club and Ken Stuart, owner of the Palisades Tennis Club, are leaders in the Private Tennis Club Association in Orange County which has the following MISSION: "Our MISSION is to ensure the continuing success of the private tennis clubs in Orange County. We will do this by bringing these clubs together and gaining control of our local industry. We are committed



Ken Stuart

to "bridging the gap" between club owners, managers, teaching professionals, club members and the tennis community. The P.T.C.A. is the "Driving Force" behind this mission, and we serve as the single voice for the private tennis clubs of Orange County."

Fall Virtual League Tennis™ is off to a booming start with 670 participants on 67 teams. Play is in Men's Doubles 4.0 and 4.5 teams and Women's Doubles in

4.0 and 4.5 team. A.G. Longoria, Virtual League Commissioner, expects over 1,000 registrants for the Spring season.

Ken Stuart is going to make Virtual League Tennis available to other club operators around the country. To reach Ken, call: (714) 644-6900. To follow Virtual League Tennis on the Web go to: www.tennisontheweb.com.



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Bally Total Fitness Announces Tender Offer For 13% Senior Subordinated Notes

Chicago, IL.- Sept. 3, 1997 - Bally Total Fitness Holding Corporation (Nasdaq National

Market:BFIT) today announced an offer to purchase and the solicitation of consents with respect to its \$200 million principal amount of

13% Senior Subordinated Notes due 2003 (the "Notes"), subject to the terms and conditions set forth in the Offer to Purchase and Consent Solicitation Statement dated September 3, 1997 (the "Statement").

Bally Total Fitness today commenced a cash tender offer to purchase any and all of the Notes and to secure consents at a total price of \$1,081.50 per \$1,000 principal amount of the Notes (comprised of \$1,071.50 for the tender consideration and \$10.00 for the consent fee) plus accrued and unpaid interest to the date of purchase.

**MAKE
 IT
 FUN!**

BODY PUMP IS HERE!

By Norm Cates, Jr.

Hold on to your hat because BODY PUMP is hitting the U.S.! And, if you think that The STEP and Spinning were hot, wait until you get a load of this incredible new group exercise program, BODY PUMP! The BODY PUMP program has been carefully developed and perfected in New Zealand by Phillip Mills over the past 7 years and now the exclusive rights to market BODY PUMP in the United States has been obtained by The STEP Company, the same folks that have delivered The STEP to millions of exercise enthusiasts across North America and the world.

The STEP Company is owned by Rich Boggs and Ray Irwin, two terrific American entrepreneurs who started as club owners in the 1970's. After 15 years as club owners, they developed The STEP from an idea obtained by Irwin's observation of his sons playing with Legos. Since that time The STEP Company has brought the revolutionary STEP to over 18,000 clubs across the U.S. and around the world.

In 1990, when the first STEP was introduced, it provided a much needed boost to the fortunes of health club operators everywhere by giving them something new and exciting to offer their millions of members. Aerobic rooms everywhere were

jammed as The STEP was introduced to health clubs, YMCAs, JCCs, Wellness Centers, university fitness centers and others.

STEP attendance rose rapidly to an all time high in mid 1992 and began a gradual decline since then. According to one who should know, Rich Boggs, CEO of The STEP, comments, "This decline could be attributed to 'The uncharted changes' in STEP training that were introduced by aerobic instructors. These changes caused the difficulty level for the average STEP attendee to rise and the subsequent decline in attendance was the ultimate result."

The STEP Company has acquired the exclusive rights to market the fabulously successful BODY PUMP program in the U.S. from Les Mills Aerobics International, an organization who has owned and operated clubs in New Zealand since 1968. Since 1990 Les Mills clubs have been successfully serving thousands of workout devotees through the highly controlled training environments of BODY PUMP.

Rich Boggs, the marketing wunderkind of The STEP Company comments, "The only problem was that people got The STEP too complicated too fast. For about a year and a half, it went really well, but instructors got bored with the workout and decided they were going to do something to change it. In the beginning and highest attendance periods, the most complicated move

was a "knee-up". The STEP worked great - big crowds - everybody loved it - we got lots of new people into clubs that had never been there. One of the really interesting things was when we started looking at the impact and talking to club owners they said The STEP got people into the exercise room and they brought their friends. When you really look at what creates referrals and what people will talk about, it is either results they have gotten or something that is different. The STEP was something you could talk about. Rarely have I heard anybody say, 'You know, I was on a treadmill and I had the greatest walk today!' Folks don't say that. When you do something that's new and different, people talk about it and that brings in new members. I think that is something The STEP did. Had we understood enough then to control the content of STEP, there was no reason The STEP should have started down hill. It's still being used in all kinds of classes, but the basic STEP class should still be going. I was never smart enough to understand and put all of those things together. Fortunately, Phillip Mills was."

PHILLIP MILLS AND HOW BODY PUMP BEGAN

Phillip Mills and BODY PUMP is an interesting story. His Dad had a chain of gyms in New Zealand that Phillip took over after he graduated from UCLA in the early 80's. His clubs are not the

state-of-the-art places that we have here, but I have never seen one with more energy. Absolutely unbelievable! When he came back from UCLA he said, 'We've got a problem. We have lots of aerobic room space that is unused. He had seen Jazzercise with the pre-choreographed classes and determined then that he needed to strictly control class content. Mills started working on the concept of choreographed classes in 1982. He understands it. He came up with BODY PUMP in 1990. We saw it in May, '97 playing to packed rooms with virtually no change 6 1/2 years later. It is all about the choreography because they have not let it get too complicated. They have put all of their energy into replicating great instructors. That is done

through the training program. Sherry Catlin of The Squash Club told me she really loved the training program. It gets the instructors excited. That is the key to keeping the consistency - the training.

Phillip Mills was introduced to Boggs through IHRSA when a proposal to bring BODY PUMP was forwarded to him. Boggs initially rejected the idea. But, six months later, Mills approached Boggs at the San Francisco IHRSA Convention and asked him to view a 9-minute video tape on BODY PUMP. After seeing the tape, Boggs and Mills spent most of the balance of the IHRSA Convention cutting the deal that is now bringing BODY PUMP to the U.S. in mass. Right after the

(See Body Pump page 13)

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Rich Boggs (left) And Ray Irwin

10 SECRETS TO CLUB SUCCESS

By C. Victor Brick

Very few people are really self-made men or women. No matter how successful they are, chances are they owe a great deal to the things they have learned from others along the way. That is why it is so important to continually strive to learn more about the fitness profession. Attend seminars and conventions. Read publications like *The CLUB INSIDER*, *CLUB INDUSTRY* and *CBI*. Utilize the expertise of consultants. Network with other fitness professionals. Here are 10 secrets to club success that I have learned from some of the best experts in the field.

range plan."

Every year Charlie conducts a three-day, long range planning seminar with my staff. We analyze our market. We discuss such things as the demographics of our current members, the demographics of the area, the economy, the competition, the local political climate. We discuss the strengths and weaknesses of our current products and services, our staff, our marketing, our financial situation. We determine goals and objectives and we determine an action plan and a budget.

2. From Rick Caro: "Stay close to your numbers."

Business is competition. And in any competition, you need to know the score. In business the way you keep score is with num-

bers, expenses, income, profit, % of payroll to gross income, return on investment. The list goes on and on. Too many of us are just interested in the bottom line. How much money did we make? And, worse, we don't find out until after the fact. That would be like coaching a baseball team and not keeping any statistics except the number of games won and lost.

You must keep a close handle on your financial key performance indicators. And, like Rick says, a dollar saved is 100% profit. A dollar increase in revenue may only be 10 to 20 cents in profit after you take out the cost of sales. As a banker once told me after turning me down for a loan because I couldn't answer any of his questions, "Get close to your numbers!"

3. From Tony deLeede, Australian Body Works and Cardio-Theater: "It's all about the size of the dream."

When I first met Tony nine years ago, he had 11 clubs. Now he has 18 going on a million. Add to that CardioTheater and some of his other projects and you wonder how he does it. As close to a self-made man as you can get, Tony first made his money in Australia importing and selling hand-made shirts door to door. He would actually travel to out-of-the-way places like Bali and some of the remote islands in the Philippines and hire the locals to make the shirts for him. He would then import them into Australia and sell them on consignment.

When Tony came to this country 17 years ago, he started with one club in Atlanta. His is now one of the fastest growing health club chains in the country with no plans of stopping any time in the near future. How does he do it? He places no limit on his abilities. He surrounds himself with great people and he thoroughly enjoys what he is doing. He is a perfect example of the Confucious proverb "choose a job you love and you will never have to work a day in your life."

4. From David Patchell-Evans, Good Life Clubs in Canada: "You can have your cake and eat it too."

Another self-sarter, Patch's first club was a 1200 square-foot weight lifting club in London, Ontario, Canada. It was so small it didn't even have a bathroom. He actually dated the girl in the flower shop next door so his members could use her bathroom. From those humble beginnings he has grown to almost 50 clubs. And

through it all he has maintained his lifestyle of traveling, spending time with family and friends, skiing and extensively enjoying other outside pursuits.

Patch is married and has a one-year old daughter, Keli, named for Kilimanjaro. Yes, he did climb Kilimanjaro on a month long trip to Africa with his wife, Tammy. He was also five times national rowing champion in Canada and qualified for the 1980 Olympics but could not compete because of the US-led boycott. He travels to Hong Kong to see his brother, Heli-ski in Alberta, Canada with Tony and generally makes sure to stop and smell the flowers on his way to building a fitness empire. Besides the fact that he gets his history mixed up and actually thinks the Canadians won the War of 1812, he could write a book on how to work smarter and not harder. When you hear people bragging about how much time they put in at work, they probably are inefficient or being paid by the hour. Plus, nobody ever said on their death bed, "I wish I spent more time at the office."

5. Ray Gordon, Doug Miller and Eddie Tock of SalesMakers: "Inspect what you expect."

Several years ago, I hired SalesMakers to help get my sales over the hump. They increased sales at my five clubs by over 20%. More importantly than increasing sales, they implemented systems that would assure our continued success. Now, four years later, with some minor adjustments, those systems are still in place.

I started as a one-club operator. Because I was always in the club I flew by the seat of my pants. We didn't record number of outgoing calls, number of telephone inquiries, number of appointments made, number of appointments that showed, closing rates, etc. I knew all the sales people. I just took their word for it that they were doing the best job they could. SalesMakers came in and not only showed me the important key sales performance indicators but also showed me how to track them. Today all the sales people (we call them membership counselors) are still my buddies but it's just that I



C. Victor Brick

know for sure what they are doing.

6. From Roger Ralph of the Bel Air Athletic Club: "Have a vision."

Roger started with a small racquetball club in Bel Air, Maryland, a distant suburb of Baltimore. Today the Bel Air Athletic Club is almost 200,000 square feet, includes five pools and two full-sized basketball courts and has been named as one of the top five clubs in the country. Why? Because Roger and his wife, Elaine, had a vision. They wanted to make the Bel Air Athletic Club "the" club for the Bel Air community and they have.

Roger gave me my first job in the health club industry fifteen years ago. He hired my wife, Lynne to teach aerobics. Several years ago he was in my main club, the Padonia Fitness Center, which I was renovating at the time. He said, "Victor, you have to have a vision of what you want this club to look like." And he was right. I was piece-mealing the job. But you don't only need a vision of what you want your physical plant to look like, you need a vision of what you want your corporate culture to look like as well. You then need to stick to that vision doggedly no matter what the consequences. Sometimes that vision will conflict with the philosophy of some of your members and even some of your key staff. You may even lose some of them. But, as Roger said in a recent seminar I heard him conduct on visionary companies, "Contrary to popular belief, visionary companies aren't for everyone."

7. From John McCarthy, Executive Director of IHRSA: "Do it all with a smile."

I joined IHRSA in the Spring of my first year in the business (See C. Victor Brick page 12)



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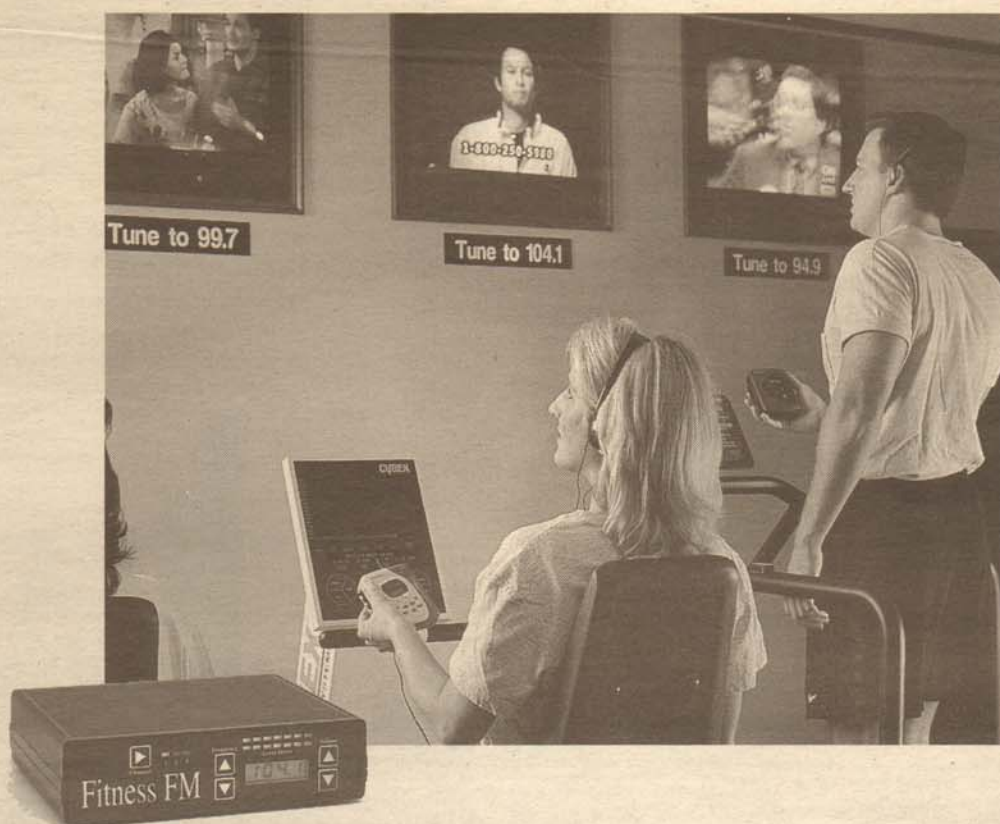
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Tim Mansour

continued from page 3

Business Administration. I got turned down by at least 50 banks. I talked to banks everywhere and they loved the idea, but they just said over and over, 'It's a health club and we just can't fund a health club.'

However, on Mansour's SBA Contest Questionnaire the following question appears: "What is the single most important piece of advice you give to an aspiring small business owner?" His answer: "No - does not necessarily mean never! No is only an obstacle to overcome in order to reach your goal." After over 50 no's echoed in his ears, the SBA came in and granted him a loan. Mansour comments, "If it wasn't for them, I never would have gotten started in the first place. The SBA has a great plan and now they have it set up so that it doesn't involve as much paper work. They give you enough amortization time to make it work. If you make your payments, they never bother you. Really, all they do is help you."

TIM MANSOUR DOES HIS HOMEWORK

Tim Mansour is a man who does his homework. As part of his research while searching for money, he traveled all over Georgia, North and South Carolina and Tennessee looking for possible sites. A member at his club in Rome, Georgia suggested that he look into Gwinnett County, an Atlanta suburb, because it was booming. That was mighty good advice. Gwinnett County has grown from 298,000 in 1987 to 490,000 population in 1997. In the late 1980's, Gwinnett was the fastest growing county in the United States. Woods and Poole, an economic forecasting firm, has ranked Gwinnett County at the top of its Economic Strength Survey ever year since 1985. Gwinnett is still one of the top 3 or 4 fastest growing counties in the U.S. It leads metro Atlanta year in and year out in new home building permits. The area is also rapidly becoming a second 'Silicon Valley' with hundreds of high tech companies locating such as OKI Telecom and Motorola.

Mansour obtained his SBA loan and opened his first club in Snellville, Georgia in 1986. It was a free standing, 25,000 square-foot facility from which Mansour has parlayed the original SBA funds into a strong, high quality chain of four state-of-the-art facilities located in Snellville ('86) - 25,000 s.f., Conyers (88) - 40,000 s.f.,

Stone Mountain ('91) - 45,000 s.f. and Lawrenceville (94) - 52,000 s.f. His first location in Snellville generated \$650,000 in revenues in its first year of operation.

The profits from his first two clubs in Snellville and Conyers were used by Mansour to pay off the first SBA loan after only five years. With that loan retired and with excellent standing with the SBA, he was able to obtain another SBA loan for the Stone Mountain 45,000 square-foot club which opened in 1991. All of the Fitness International clubs are multi-purpose athletic clubs that offer a well designed and attractively decorated environment for Fitness International's 27,000 members. All of the clubs have swimming pools, racquetball courts, outdoor sun decks, childcare facilities indoor and outdoor, weight rooms with selectorized and free weights, cardiovascular machines, aerobic studios and luxurious lockerrooms with steam, sauna and whirlpools for men and women. His Lawrenceville - 'Superclub', as he calls it, also has a regulation basketball court and indoor jogging track.

STRONG MEMBERSHIP PRICING AND BUSINESS PHILOSOPHY

Mansour has very strong opinions about membership pricing and the health club business philosophy. He sells monthly dues memberships with no EFT collections. Instead, collections are done by coupon books, Mastercard and Visa and cash payments. His four clubs generate \$4 million per year. Monthly dues are \$38 per month for singles, \$52 per month for couples and \$64 per month for families of 3. Dues go up for additional family members beyond 3.

Mansour's description of his company business philosophy is clear and well conceived: "We want to have a fair price philosophy, meaning that no one has to worry about someone else getting a better price. We want everybody to get the same price, but in return, we want the price to provide us with funds, after expenses and debt, to put the necessary money back into the clubs. A lot of people may say to us, 'I can beat this price.' But, we don't negotiate price. We don't try to offer the lowest price. What we try to do is when we take someone's money for membership dues, we try to give them great service, equipment and facilities in return."

"To do that, we feel that

\$38 is very reasonable for a month. I mean, when you go out and play a round of golf for half a day, you may have to spend \$45 or \$50! Here you are taking care of the best thing that you have, your body. I think what has happened is that there are so many club operators out there that have these little sales crutches. They think, let's make it cheaper and cheaper. That, in turn, teaches the consumer to think, 'Let's go see what kind of deal we can make! Our whole thing is it's not just for the members that we want to keep the price the same. It's for the staff so they aren't trying to out-sell each other on price. That cheapens the club and they often end up stabbing each other in the back! We try to make it where everything's fair to everybody. It works out so much better because you don't have to worry about the head manager coming in and cutting the price and then another one cutting another price. Before you know it, you've got 14 or 15 different prices and you have different members paying different dues for the same facility. We just don't think that's fair. We've done it the same way for 11 years and people know when they walk in the door, it's not going to be the cheapest price, but they will receive good service and a guarantee that you will have a clean facility and that the machines will not be broken down. The members also know that we put a lot of money back into the club for upkeep and maintenance. It's worked well for us. We make no excuses. The club should have money set aside for maintenance and upkeep. This club we are in right now is 3 years old and it looks as good and as clean as it did the day we opened. Our first club in Snellville opened 11 years ago and it looks just as new as this one does."

NO HURRY TO GROW

Tim Mansour has a clear and deliberate plan for the growth and expansion of Fitness International. When asked when he plans to expand again, he commented, "We really take our time when we put them up because we are in for the long haul - we're not looking short term - we really do it right." He said that currently he is speaking with several large lenders about a loan to consolidate his club debt and to expand his first location dramatically. After that, he would like to add one or two more locations in the next two or three years.

Mansour's growth philosophy has served him well. It is obvious that he is developing his real estate and club operations for the long haul because every aspect of his clubs are very well conceived and planned. His fourth location is directly adjacent to the four-lane Georgia Highway 316 which is a major artery in booming Gwinnett County. The visibility of this site is exceptional and surely produces hundreds of new memberships per year.

Importantly and another 'textbook' aspect of Mansour's empire is that each and every one of his clubs is free standing, located on real estate and in buildings owned by his company. He designs and builds the facilities from the ground up. Just his equity growth alone in this booming Gwinnett County market has surely made him a very young millionaire several times over.

FIRST GWINNETT COUNTY - THEN SBA AWARDS

In 1996, the Gwinnett County Chamber of Commerce honored Tim Mansour and Fitness International with its prestigious 'Best of Gwinnett' Award for the best small business in the county. This special honor led to his next honor by the SBA, the 1997 Georgia Small Business Person of the Year. Both of these honors are clear evidence of his talent and the talent his dedicated team has developed over the years.

"Tim Mansour is both an outstanding entrepreneur, with a payroll of some 200 employees, as well as a true corporate citizen who is using his abilities to help the underprivileged and handicapped in his community," said SBA Atlanta District Director Laura A. Brown in announcing the award.

(See Mansour page 12)

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

...Mansour

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Winning the SBA's 'Best Business Tip' and 'Best Advice

...C. Victor Brick

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ness. I was losing money and could not really afford the dues, much less the cost of going to the convention, but I figured, what the hell, if I was going out of business anyway, I might as well go to Nashville and see what they had to say. Maybe I could learn something.

Well, needless to say, joining IHRSA was one of the best things I ever did. It was at IHRSA that I met almost every one of the people listed in this article. It was at IHRSA that I learned this is a business and we need to run it as one. It was at IHRSA that I made lifelong friendships.

It was also at IHRSA that I met John McCarthy, the Executive Director of the Association. He was as friendly to me then as he is now, eleven years later. Always smiling, always gracious, always willing to listen and lend advice if asked. John is the type of person from which we can all learn. Kipling put it best in his poem, "If", "If you can talk with crowds and keep your virtue, or walk with Kings-nor lose the common touch." This the great one does well.

8. From Klaus Hilgers of Epoch Consultants: "It's all about tone."

Whether you realize it or not, every person has a tone. Some people are happy, outgoing optimistic, uptone kind of people. Some are flat, boring, midtone people. Some are negative, unhappy downturn individuals. Usually, you can tell what type of tone someone is right away.

The same is true with health clubs. Some are high energy, positive uptone clubs. Some are flat, boring, midtone clubs. Some are negative, unfriendly dreary downturn clubs. And, just like with people, you can usually tell what type of club it is right away.

Guess what the tone of your club depends on? You guessed it, the people. And, as my brother Merrill is want to say, "The fish usually stinks from the head." What type of person are you? Uptone? Midtone? Downtone? What type of tone is your club?

9. From Jim Smith of Peak Performance: "A smart dime can beat a dumb dollar."

Proctor and Gamble's marketing philosophy used to be

Received' Contests at the SBA Small Business Week in Washington, D.C. was another thrill for Mansour. Here are his winning efforts:

that a dumb dollar will beat a smart dime any time. In other words, the most important thing in marketing is the size of the budget. Jim Smith will tell you they are wrong.

All of us are on limited budgets. Even the big chains have small budgets compared to Nike or Microsoft. It is important for us to maximize our marketing dollar. Marketing is the most important function of any company. International business consultant Dan Pena says it is the one function that no CEO should delegate. Become an expert in marketing. It is the lifeblood of your business.

10. From Sandy Coffman: 'Make It Fun!'

I have almost never seen or heard of someone quitting anything because they are having too much fun. I have had people quit even though they were losing weight. I have had people quit even though they were improving their health. I have had people quit even though they liked us and thought we were doing a great job. But, almost never because they were having fun. Even if they thought they couldn't afford it, they would find a way if they were having fun.

Anyone that has ever heard Sandy speak knows she understands this.

These people and many others are all available to you at the conventions, in the pages of **CLUB INSIDER** and other industry publications. Some are only a phone call away. Take advantage of the human resources available to you. No need to try to do it all yourself and reinvent the wheel. Remember, the first guy across the bridge gets all the arrows.

(Victor Brick is the owner and CEO of Brick Bodies. He was the 1990 IDEA Business Person of the Year. His wife, Lynne is the 1990 IDEA Instructor of the Year, the 1994 International Presenter of the Year and one of the finalist for **CLUB INDUSTRIES' FITNESS BUSINESS WOMAN of the YEAR.**)

BEST BUSINESS TIP

Take time to listen to people, thank people and care about them. Remember, without the right team member, it would very difficult to reach your total goal! Surround yourself with successful people.

BEST ADVICE RECEIVED

Always remember where you came from and never forget who helped you get there. Treat people as you want to be treated.

ACTIVE IN HIS COMMUNITY

In addition to his professional awards, Mansour's community activities include service as President of the Gwinnett County Chapter of the American Heart

Association; sponsor for Georgia Special Olympics; sponsor of Weekend Fitness Fair for Children in McDaniel Glen Homes; participation "Food for the Poor" program; co-founder of Gwinnett Road Runners (running club); and membership in the Gwinnett Chamber of Commerce.

Tim Mansour and his wife Cherry have two children, Cory, 10 and Haley, 8. His Dad, 'Papa Joe' Mansour, Jr., is in charge of public relations and along with his Mom, Isabel Mansour, work at Fitness International on a volunteer basis. His brother, Joe Mansour III, is Vice President of Fitness International and has been working with Tim for 8 years. His sister, Abbie Mansour, creates advertising for the company.

There are now over 13,000 commercial health clubs in the U.S. and this writer has seen many of them and met thousands of club operators. But, I can can-

didly say that Tim Mansour and Fitness International represents the future of the industry. Dedicated, professional, ethical and giving to his staff and his members, Tim Mansour and Fitness International is a shining example of what can happen when a person has a dream and pursues that dream with an unwavering dedication and passion for excellence. Any club entrepreneur that wants to see a club operation that is top flight, should take some time to visit Fitness International in Gwinnett County, Georgia. It will be worth your time to see the terrific business that Tim Mansour has created!

(Norm Cates, Jr. is the Publisher and Editor of **The CLUB INSIDER** News, a 24+ year veteran of the health, racquet and sportsclub industry, the 1st President of IHRSA (International Health, Racquet and Sportsclub Association) and a Co-Founder of the Association.)

Dear Friends:

I would like to take this opportunity to talk to you about **Fitness International**. The philosophy that was put into place over eleven years ago was to bring to the communities a stable, full service, family fitness complex. **Fitness International** was a dream eleven years ago....A dream that could only be given life with persistence and a belief in the need for a healthier society. The goals were to *always serve...to always be fair...to always be clean...and to always provide the best.*

The power that keeps you going is watching and being a part of the progress. The progress of investing in a community by purchasing the land, employing its people to build the facility, joining and training a staff and then watching the membership grow, become fit and become friends. The trust that you extended to **Fitness International** has made its success. I will always remember how we started and I will always commend the members and staff of **Fitness International** for your support and belief. There is no stronger endorsement to **Fitness International** than to have a membership that refers others and that contributes to the daily success of the club.

Use of the suggestion box and open door policy is a life line to me. I realize that I may seem rushed or busy, but let me reiterate that I will always have time to discuss changes, problems or suggestions with you. I hope that you will always feel confident that your investment in **Fitness International** is being used wisely.

Fitness International has grown into four full health complexes in Snellville, Conyers, Stone Mountain and Lawrenceville. Some things we will not change. **Our nonpressure sales efforts and our fair price philosophy will always be the way we do business. As you know, our prices are published so you can be assured that everyone receives the same price.** There are no "better deals" or "buy-one-get-one-free" memberships.

Let me end this letter by thanking all **Fitness International** employees for your devotion to the dream and to all of our members for your support of the dream. *It is you that have made us the Best in Fitness.*

Yours in Health,

Tim Mansour
 Tim Mansour, President



...Body Pump

continued from page 7

IHRSA Convention Boggs and some associates traveled to Germany and attended the first ever BODY PUMP class in that country. During that brief visit, Boggs and his associates attended 5 BODY PUMP classes and they have all been hooked ever since. Also, as part of his due diligence on BODY PUMP, Boggs traveled to New Zealand to witness Mills' operation first hand. He was astounded at what he saw and commented, "We were amazed at what we saw at Mills' flagship facility. One of the BODY PUMP rooms is 8,000 square feet and we witnessed a class there with 260 people in attendance! It is truly unreal! Mills' facility also has two other rooms ranging in size from 2500 to 4000 square feet and they were both packed as well. It is clear that BODY PUMP has not diminished in popularity in New Zealand since it began 7 years ago."

SYSTEMS FOR GROUP EXERCISE

Phillip Mills has not restricted his group exercise systemization to just BODY PUMP. His clubs offer 8 other group programs, all pre-choreographed. (Only about 10% of total class offerings are freestyle.) He has, in addition to BODY PUMP, Funk, Hi-Low, STEP and others, all carefully choreographed. People are comfortable coming because they know what to expect. They like the music and they know the instructor will be good. There are not combinations that are hard for people to do. Mills has developed a highly productive membership referral system tied to his 9 programs. He has 11,000 members in his big club in Auckland, which is a city of 1.25 million and in a very competitive fitness market. Boggs comments, "They manage their membership. They have a smooth, automated check-in. During a lot of times they have all three of their rooms going full tilt. It is amazing!"

The BODY PUMP class is divided into various tracks or songs. Each exercise is choreographed with the music and addresses a specific body part. But, the instructors don't talk about the technical aspects of the body parts. The class just moves along and is obviously a lot of fun. There is a lot of social interaction in the class.

MAKE IT FUN!

One key ingredient that the BODY PUMP program delivers is that the class is a lot of fun. Boggs related, "People know they need to get in shape, but you better MAKE IT FUN! And the results they get from BODY PUMP are excellent. So, fun, results and giving them something to talk about will cause them to keep coming and bringing in new members. I think that's what it's all about."

BODY PUMP BY THE STEP COMPANY

The BODY PUMP program will be provided to the health club industry in the U.S. through a Licensing Program marketed by The STEP Company. Each club that signs up for BODY PUMP Licensing receives 16 hours of intense BODY PUMP training for instructors and the right to offer BODY PUMP in their clubs.

THE TRAINING

The training is being provided in clubs

across the country by 9 regional training organizations and the BODY PUMP trainers come to your area to conduct the training. These trainers have been taught by the folks from New Zealand and that instructor training has been truly intense. The training is done in two 8-hour sessions on weekends or four 4-hour sessions in the evenings during the week. Personal trainers, floor workers and others are being trained as it is not necessary to have only aerobic instructor qualification to teach BODY PUMP. Each participant receives 12 CEC's (continuing education credits) for attendance. The cost for the 16 hours of training is only \$79 per person with a charge of \$20 for the music tape which is produced by Power Music. Clubs can subsidize the cost of training or pass it on to the instructor. However, The STEP Company can't 'throw in the cost of training' because every penny of the \$79 goes to the regional trainers as part of their compensation agreement. The training takes 4 to 6 weeks to complete and have an instructor fully ready to teach.

THE COST

The STEP Company has priced the BODY PUMP Li-

censing program very reasonably at \$400 per month. However, as part of the kick off of the program, IHRSA clubs may sign up for \$250 per month and non-IHRSA clubs receive a \$100 discount and may enroll for \$300 per month.

Boggs comments, "What we are providing for the license agreement is a total program that will change your aerobic/group fitness program dramatically. I think we can add value to any club's aerobic/group fitness program. What we would like to do long term is to pursue what Phillip Mills started 12 years ago. We want to provide clubs with the capability to be involved in BODY PUMP at an affordable price. The only negative we have heard from club owners is will we do what spinning did? We have looked at it, we know what is fair and we aren't going to change our prices. The club owner can rely on it that the prices are going to be where they are."

Boggs continues, "There is no up front licensing fee. The monthly fee starts the month after you conduct your first BODY PUMP class. We will collect fees via (See Body Pump page 30)

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WAIVERS AND RELEASES...

Waivers And Liability For Negligence

By Doyice J. Cotten

All injuries cannot be prevented; however clubs and fitness professionals are generally liable for an injury to a patron only when the club or its employees are negligent. Negligence has been defined as the failure to act as a reasonably prudent professional would act under the circumstances. In other words, it is when you or an employee use poor judgment, fail to do something you should,

or just simply do something dumb that results in an injury.

There are four elements that must be present for negligence to occur. First, there must be a duty. For instance, the club owes a duty to keep the premises reasonably safe. The second element is there must be a breach of duty. Suppose you allowed the club shower floors to become very slippery. The third element is there must be an injury of some type. Suppose one of your patrons slips in the shower and suffers a back injury. The final element that must exist is that the breach of duty must be the proximate cause of the injury. In other words, your failure to maintain a safe shower floor must result in the slip that produces the injury. If all four elements exist, then there is negligence and the club and/or its employees are likely to be sued for monetary damages. If one or more of the elements is missing, there is no negligence and no liability.

Question 1: Will a waiver protect my club from liability if either the club or my employee is negligent and causes the injury to occur?

Yes. In fact, that is the purpose of the waiver. Normally, neither the club nor employees need liability protection against ordinary accidents. For instance, if a patron strains his or her back while lifting a weight, this is considered to be an inherent risk of activity and inherent risks are assumed by the participant. The club did nothing wrong, could have done nothing to prevent the injury and is not liable. On the other hand, suppose a weight machine cable breaks causing injury, a patron trips on some loose carpeting, or the aerobics instructor overworks a senior group in the first session and one has a heart attack. In each of these instances, a claim could be made that the club and/or its employees were

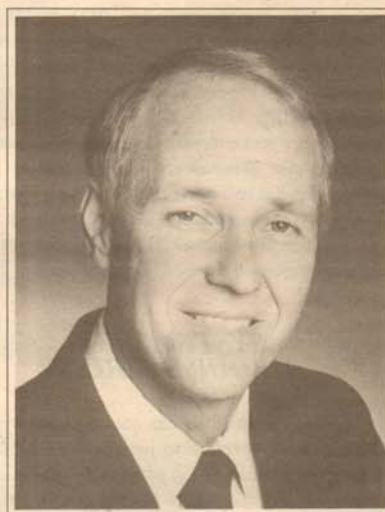
negligent. A well written, properly executed waiver is designed to protect the club and its employees from liability for such mistakes.

Question 2: What if a patron is injured while working out and neither the club nor its employees are at fault? Is the club liable in this case?

No, not generally. Suppose an aerobics instructor was conducting a workout in the proper manner when a participant stumbles and suffers a back injury. This risk is generally considered to be an inherent risk and is assumed by the participant. A waiver is not necessary for protection in case such as this. The only responsibility of the club and the instructor is to be certain they can show that the participant was aware of the risk.

Question 3: What if the club or an employee is very negligent - say the club fails to correct a very slippery shower floor after several slips have resulted in injuries? Will a waiver protect in a situation such as this?

No, this would be termed



Doyice Cotten

gross negligence, reckless misconduct or wilful/wanton conduct. Waivers are intended to protect against ordinary negligence and not extreme forms of conduct such as this. Waivers protect against this type of action only a few states (gross negligence in Florida, Kentucky, and Pennsylvania; reckless misconduct in West Virginia and Colorado.) In most cases the club would be liable for the injury.

(Doyice Cotten owns his own business with his wife Mary. Sport Risk Consulting, in which they work with sport-related organizations (i.e. schools, recreation departments, and health & fitness clubs) in reducing risks, inspections, and risk management training of employees. Their book, *Waivers and Releases for the Health & Fitness Club Industry*, available for \$18.95, including shipping, includes: 1) a summary of waiver laws in each state, 2) useful guidelines for writing waivers, and 3) suggestions for administering waivers. They may be contacted at:

Doyice J. Cotten,
Sport Risk Consulting,
403 Brannen Drive,
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Re-Adjusting The "Default" In Manager/Pro Relations

By Spike Gonzales

When working with computers, we commonly program "default" settings. Without default settings we would constantly have to make choices on such things as what printer to use, our page size, what type style and so on. Instead, we make educated guesses as to our most common requirements, and the computer makes those choices

for us. No additional effort is required on our part for us to function.

In many areas of club management we make "default settings." The more skilled we are as administrators, usually the more we've arranged for things to be "automatic" where otherwise conscious decisions and efforts would have to be made. Many of us, for example, have set up monthly dues collections from our members on an ongoing basis. This system makes it automatic

for members to continue as dues payers unless they make the effort to tell us otherwise. We've further added electronic funds transfer options so members don't even have a check writing circumstance as a sort of decision-making point. They are simply members until they make the effort to change the situation. They are members "by default."

Staff scheduling is an example of setting up a "default." Staff members are expected to show up for work according to pre-programmed schedules. It would be a huge management effort to otherwise call staff members on a daily or weekly basis to get them to their posts. Staff are often further trained or "programmed" to make arrangements for their own substitutes if they are going to miss regular work time. The default situation provides for normal operations, so managers may do real management, rather than being tied to huge administrative tasks.

I recently witnessed some excellent member "default programming" at a Florida club. Ricardo Acuna, the Tennis Director of the ATP Tour Club Ponte Vedra, informed me about a women's team practice time being run in the evenings when he was either teaching or gone for the day. He told me how he simply leaves the playing rotation at the pro shop for 16-20 participants to follow each evening. Knowing the usual problems and complications, particularly with no-shows, in a situation like this, I was skeptical that the program would run smoothly without personnel supervision.

As a casual spectator to the women's practice I was pleasantly surprised that it in fact ran very smoothly. I was further surprised at seeing several ladies welcome a new player to the group and deliver a somewhat "packaged" speech about the procedures of the practices. They included emphasis on the importance of getting a substitute for any times she couldn't make it,

with the strong message that failing to do so was a cultural "no-no". Clearly in the past Ricardo had set up strict procedures and trained his members to run a self-sustaining program. After past initial efforts at "setting the default," he had a program running itself with minimal effort on his part.

There is a crucial area in our business that is generally overlooked when default settings are being made. This is the communication structure between tennis pros and managers.

It is easy and common for tennis pros to lose close communication and rapport with club managers. This is due to the nature of the tennis pro's job, putting him or her on the court and inaccessible for major portions of the workweek. It's further related to tennis pros being somewhat independent of other club business and activities, and in fact, often being independent contractors. Tennis pros get out of touch with mainstream of the club, while managers often know very little of what happens on the tennis courts. The end result is misunderstandings and the growth of petty mutual grievances leading to significant breakdowns in working relationships.

The above describes the common "default" situation with pro/manager relations. It's what happens when some initial programming isn't put into communication. Ongoing extra effort doesn't come easy to either party. The manager is used to dealing with most employees who are accessible and a part of the regular club activity. It doesn't seem natural to be having to go out of the way in seeking out the tennis pro. The tennis pro is generally swamped with phone messages and administrative duties in his or her limited time off the court. The pro feels lucky to just keep his or her head above water, let alone



Spike Gonzales

find time to seek out the manager.

The whole situation needs reversal in the default setting. This is accomplished by establishing a set weekly time for the pro and the manager to meet. This should be "cast in stone" and be ongoing, even when occasionally a meeting is cancelled.

In fact, the meeting will be cancelled often or postponed within its week. At times there are just greater priorities, or there is just no agenda for items between the two. The latter is unlikely, though, if the pro and manager have taken on a posture of pro-active decision making, solving problems before they happen.

I've found that if a meeting structure is set up, and both parties keep an agenda item list of non-emergency issues throughout the week, then communication and rapport stays solid. It very often prevents the aggravation to the manager of unscheduled interruptions from the pro when the manager doesn't have the appropriate time. This is a common situation, as many pros just don't have time flexibility between their lessons. To the manager, they seem to have a sense of urgency on seemingly non-crucial items, but the manager doesn't realize the pro's time limitations for communication.

A common response I often get when I suggest this to a club (See Spike Gonzales page 24)

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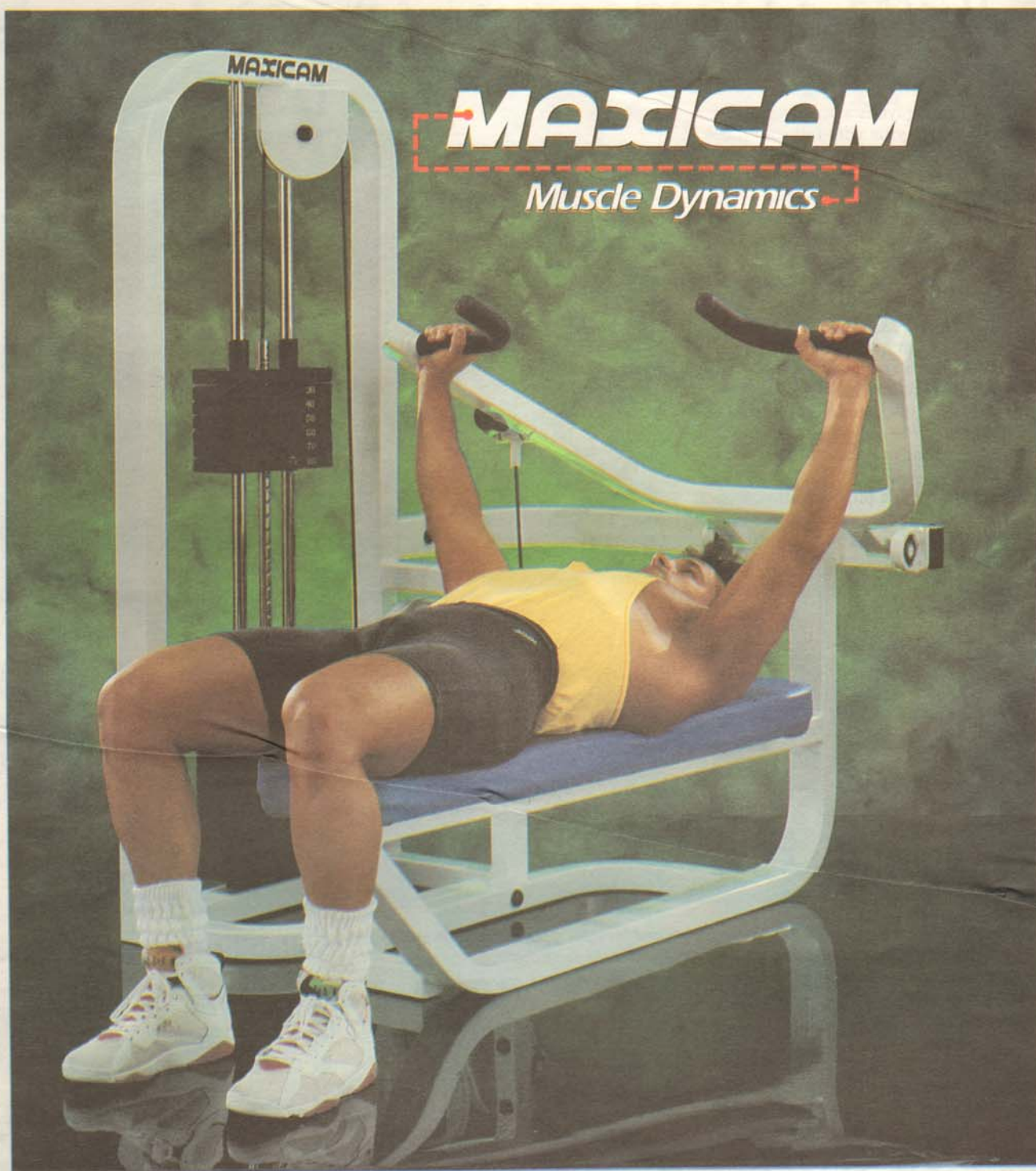
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IHRSA TREND REPORT

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**NUMBER OF
HEALTH CLUB
MEMBERS NEARS
21 MILLION,
40 MILLION
EXPECTED BY 2010**

With almost steady growth in membership over the past four years, it's safe to say that the health club industry has sprung back from the no-growth recession years of the early '90's.

From 1995 to 1996, the number of health club members in the U.S. grew by 9% - from 19.1 million to 20.8. That's a 26% increase over the 1992 figure of 16.5 million, and a 51% increase over the 1987 figure of 13.8 million.

The mood in the industry is buoyant, resulting in expansion of existing facilities and the building of new clubs. In 1996, there were 13,354 commercial health clubs in the U.S. This is the highest number since 1990 - when there

were 13,854 clubs - and more than double the number of clubs that existed in 1982 (6,211). Last year, health clubs contributed an estimated \$8.5 billion to the Gross National Product (GNP) in the U.S.

While the 80's had the public and the news media questioning whether health clubs were just a passing fad, these numbers tell the real story. The undisputed growth in the industry over the past 15 years indicates that the industry has become an integral part of the nation's economic landscape.

And the graying of America coupled with a mandate from the U.S. Surgeon General's Office in 1996 for Americans to add regular exercise to their lifestyles has secured a solid position for the industry in the health care delivery system. Being physically active is no longer a leisure-time choice; rather, it is as central to long-term health as not smoking.

Given these facts, we can

reasonably predict that health club membership in the U.S. will virtually double to include 40 million participants by the year 2010.

The New Demographics of Membership

The latest IHRSA/American Sport Data Health Club Trend Report (released in July 1997) provides some important insights into the ever shifting demographics of health club membership. Following are answers to some of the most frequently asked questions on the subject:

Q: Is it my imagination, or are there more women in health clubs these days?

A: It's true. In 1996, 11,823,000 women were health club members in the U.S. - 57% of the nation's total membership

- as compared to 9,010,000 men. A decade ago, in 1987, there was virtually a 50/50 split between the number of men and women holding health club memberships. Between 1987 and 1996, the number of female health club members increased by 65%; the number of men increased by 37% in the same period.

Q: Are members of the so-called "Generation X" really the slackers they are made out to be when it comes to exercise?

A: No. Not only has the number of health club members in the 18-34 age group increased by 20% over the past decade (from 7,242,000 in 1987 to 8,694,000 in 1996), but also a higher percentage of this group are health club members now as compared to 1987 (13.3% vs. 10.6%)

Q: Has there been a decrease over the past decade in the percentage of people in any

given age group who are health club members?

A: No. Every age group has seen a healthy increase in the number of health club members.

Q: Which age group claims the greatest share of the health club membership pie?

A: That distinction still goes to the 18-34 age group - for the tenth consecutive year. Claiming 8,694,000 members, this group represented 42% of all health clubs members in 1996 - down from 54% in 1987. The 35-54 age group is fast catching up, however, claiming 38% of the pie with 8,018,000 health club members in 1996 - up from 30% in 1987.

Q: What age group has the highest membership rate?

A: Women in the 25-34 age group hold first place, with (See *Trend Report* page 30)



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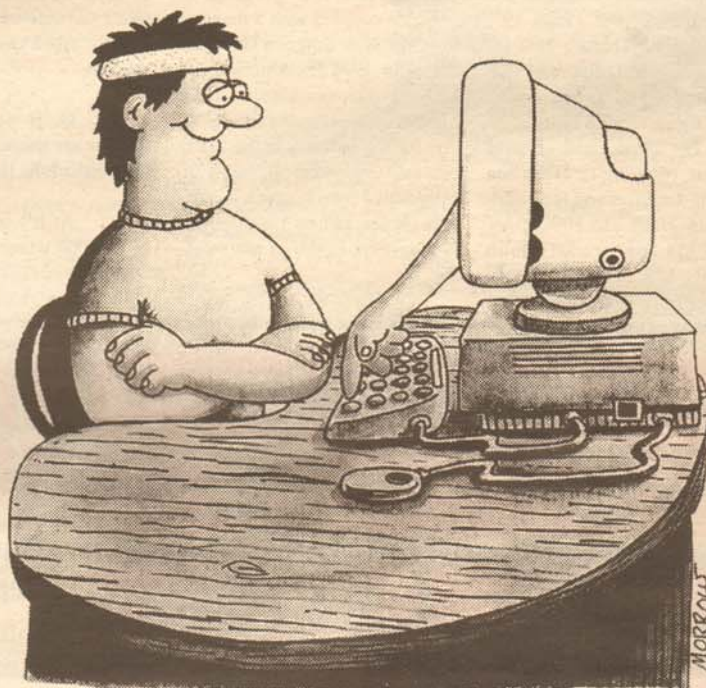
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NEIL SOL'S HEALTHCARE CONNECTION

How It Could Happen To You...

By Neil Sol, Ph.D.

The Wheaton Sports Center in Wheaton, Illinois is a very successful health club and has a prestigious reputation in its community. The club, owned by Mr. Les Carlson, has for the past 5 years heard and read that the future of the quality health club is to affiliate with a hospital. As a result, Carlson created a relationship with Central Dupage Hospital, a well respected community hospital 3 miles from The Wheaton Sports Center. The relationship, however, was not the formal joint venture partnership that appears to be so popular for clubs and hospitals today. It was a verbal affiliation, a symbiotic alliance that did not in any way include a legal hospital/club involvement. Simply, the hospital used the club facilities to offer hospital programs; sometimes for a lease fee and then other times for free. Carlson obviously

realized the benefits from the connection, but stopped short of anything formal.

The administration of Central Dupage Hospital were members of the club and over the years became friends of the club, developing a mutual admiration and respect for each other. There just did not seem to be a need or desire to connect.

Business was going well for The Wheaton Sports Center and the opportunity to expand and build another club came available for Carlson. One day at the club, Carlson mentioned his intentions to build a second club to the Central Dupage Hospital Administrators. They indicated, coincidentally, that they too, were thinking about expanding their care to include preventive services and were considering building their own wellness center. As a result, it became clear that they should build a club together. Where it did not appear to be beneficial to fold the hospital into The

Wheaton Sports Center, creating a partnership in this new venture would reduce the potential for community competition and would unite the best of both parties to provide for the community.

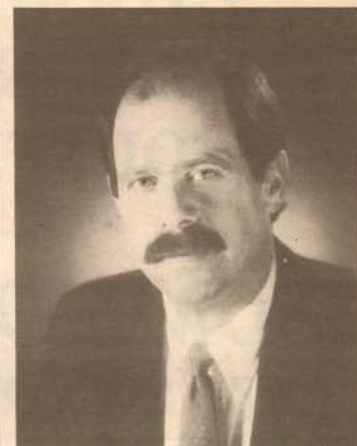
A partnership was created, where each partner contributed equal cash to obtain a 50% equity position in the new club. The new facility, called HealthTrack, a 104,000 square-foot center will open next month, October, 1997. HealthTrack is a legal joint venture between Wheaton Sports Center and Central Dupage Health System, the for-profit division of Central Dupage Hospital. Jason Conviser, Ph.D., was retained by the Wheaton Sports Center to serve as the intermediary between the club and hospital to help the club understand the hospital needs and to insure that the facility to be built was of value to the partners and the community.

Needless to say, the prognosis of HealthTrack is extremely

favorable, as to date, its pre-sales have achieved goal with 1200 memberships sold. Both partners are excited about the contribution HealthTrack provides and are ecstatic about their association.

A relationship between Central Dupage Hospital and Wheaton Sports Center, just was not right in the original facility and in fact, was not necessary for both partners to come together for what will certainly be a successful venture.

One might expect that a health club/hospital relationship must be all or nothing, where the club and the hospital must be involved in all related projects. The example of The Wheaton Sports Center and Central Dupage Hospital actually suggests the oppo-



Neil Sol, Ph. D.

site to be true. There are no firm rules of how a club and hospital should consummate their relationship. When you least expect it.....it could happen to you.

(Neil Sol, Ph.D., is Director of Outpatient Services at ValleyCare Health Systems in Pleasanton, California. Neil may be reached at: (510) 734-0111).

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Michigan Athletic Club Gets Mega-Facelift

By Jack Ebling

Reprinted from
Lansing State Journal

East Lansing, MI. - Pam Andrews, a charter member of the Michigan Athletic Club six years ago, is sold on the value of exercise and a healthy lifestyle.

And, as a single mom with swimmers ages 16 and 11, she's as excited about the massive new Mega-MAC complex as any member ever could be.

With construction and equipment installation complete at 2900 Hannah Blvd., the facility held a Grand Opening Celebration hoping to make a significant splash.

"I love the MAC," said Andrews, 43, a fourth-grade teacher. "I do aerobics five days a week, run and lift weights....a day without the MAC just isn't a good day."

"This expansion they've done is wonderful for families and great for children. I don't like the water myself and don't know how I got these two little fishies. All I know is this project is incredible!"

The original structure, linked to St. Lawrence Health Science Pavillion, just east of Michigan State University, cost \$11.5 million and had 170,000 square feet of indoor workout and lockerroom space. The \$8.5 million expansion added 100,000 square feet - 40,000 indoors and 60,000 outdoors, seasonally covered with air-supported

bubbles.

The project was funded without assessing the members additional fees. Instead, the plan is to increase the membership by 15-20 percent over the next three years.

The expansion will make the MAC the largest hospital-based health club in the world and the second-largest private sports and fitness club, according to Carl Porter, President and Managing Partner of the facility.

"We've done a lot of checking," Porter said. "And the only one we've found to be larger is the East Bank Club in Chicago, where Oprah Winfrey is a member. But there's some question about whether they're counting an indoor parking structure."

The MAC is counting the outdoor addition of a six-lane lap pool, a recreational pool with a 200-foot water slide and a six-court tennis area - all seasonably covered with air-supported bubbles - plus two sand volleyball courts and a children's playground in their square footage total.

The club has added another gymnasium with a full-size basketball court, three more racquetball-handball courts and another squash court, an indoor golf complex, a new cardiovascular area, a low-impact exercise studio, a hair-styling salon, more child-care space and more parking. "We had such an immedi-

ate, sensational response when we opened the facility a few years ago, we had to look at something like this," Porter said. "We thought it would take it a couple of years to break even. But in 12 months, we were already in the black!"

"After four years, we capped our one-time initiation fee and our monthly dues at \$82. The first Associate member from a family is charged \$19 a month, with the option to drop off the rolls seasonally, added Porter."

There is an added charge for private instruction in any activity, but none for court time, said MAC General Manager Mike Combes, whose No.1 job is to be responsive to the membership's wishes.

Combes got an earful in late June when the original locker rooms were redesigned, on the advice of other club operators. By removing all the half-size, daily lockers and moving them to the new shower and dressing areas, the MAC became less user-friendly and more divided than anyone intended.

"I think it took everyone by surprise," said member Chris Coady. "It all felt like it was done under the cover of darkness. One day, everything was changed. It created the feeling of a two-tier system and presented problems for parents with young children, having to walk from the indoor pool through half the club. And even if you were lucky enough to have a permanent locker, you couldn't

have your guest there."

Coady wasn't alone in those feelings, as more than 400 written complaints were received. But MAC member Jeanette O'Berski said she appreciated the club's quick response to that problem and others. Work crews will return the 402 daily lockers to their original locations and are putting 326 new rental lockers in the new shower and dressing areas.

"It was the most reaction to anything we've ever done," Combes said. "I know because we called everyone of them. I've always felt we've done a good job of responding to the membership. And we said, 'If we're wrong, we'll change it.' A letter is going out today."

"We don't sell VIP or

gold memberships here. All our members are VIPs. And that's the way we want people to feel", commented Combes.

Even with the addition of 326 new rental lockers, at a cost of \$10 a month, it won't be possible to give everyone a permanent locker, with a waiting list of nearly 600.

But with the added recreational areas, there shouldn't be a problem with court or pool time for members and guests.

"There's a lot of space here," said Lansing psychologist and sports consultant, Charles Tucker, a MAC member and regular visitor. "Even before the addition, they could've handled more members."

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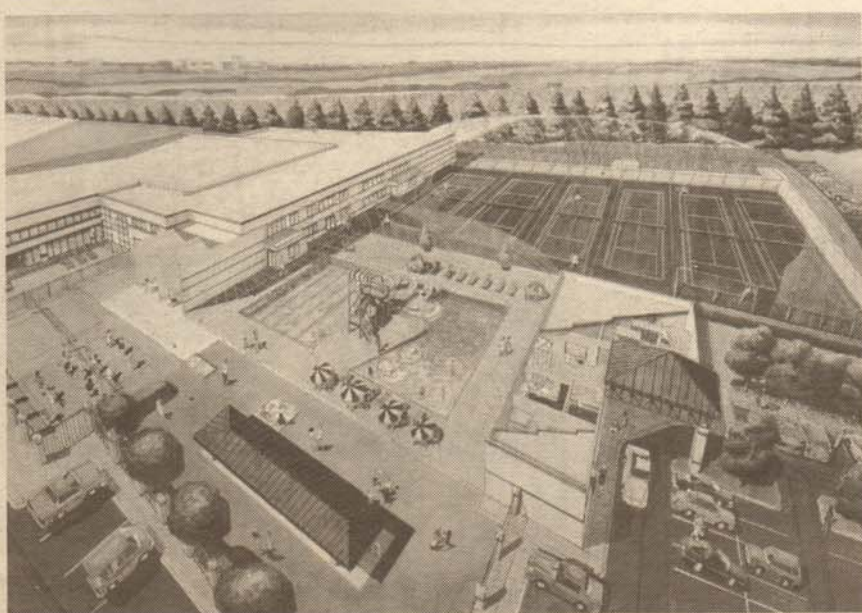
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AAC... "We're Here To Work"



Michigan Athletic Club Expansion

...Spike Gonzales

continued from page 16

manager and tennis director is "we see each other every day, so we don't need this." What happens in this scenario is that real business topics get discussed erratically and inefficiently. When one feels he is going to see another "everyday", it's typical to keep putting off crucial issues to "sometime soon." It's far more ideal to have regular meetings with individual agendas and weekly follow-through accountability.

The "default" between a pro and a club manager should be a structure in which the parties are staying in touch without extra effort. They'll both have the comfort of the accessibility of the other, and they can establish a pattern of dis-

cussion, problem solving and rapport building that will elongate a positive and profitable relationship.

(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.)

IHRSA and Bally Fund State Tax Repeal Efforts More Collaborative Activities Expected In Future

Boston, MA. - Bally Total Fitness has contributed \$3000 to an initiative to repeal the sales tax on health club memberships in Ohio and \$5000 to a similar initiative in Florida. The contributions are a welcome assist to IHRSA and its state partners, the Ohio Fitness Association, and the SouthEastern Health, Racquet and Sportsclub Association (SEHRSA), which have been working to repeal the taxes.

On June 5, Joe Moore and Bob Doyle testified on behalf of the club industry before the Ohio House of Representatives' Ways and Means Committee. Armed with powerful statewide statistics detailing the negative impact of the tax on fitness memberships, they pre-

sented legislators with a convincing case for a repeal. Currently, government-run facilities do not pay the tax, while commercial clubs, YMCA's and JCC's do.

SEHRSA is currently raising funds for a 1998 lobbying effort to repeal the Florida sales tax.

Bally Total Fitness is also partnering with IHRSA and its member clubs in Illinois in their efforts to ensure that hospital health clubs pay their fair share of taxes."

"We are pleased that Bally Total Fitness is partnering with us in these initiatives, which will benefit the entire industry," said John McCarthy, Executive Director of IHRSA. "These landmark events, pointing toward a more collaborative future."

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September 10, 1997

Mr. Norm Cates
c/o Club Insider
P. O. Box 671443
Marietta, Georgia 30006-0025

Dear Norm:

I wanted to drop you a note concerning your publication, Club Insider. I have nine clubs in Virginia and try to stay up on events in our industry. I read all the other trade magazines but I must say I enjoy and look forward to yours more than any of them. It is interesting, entertaining and above all useful.

Keep up the great job.

Sincerely,

[Signature]

Robert C. Beals
President

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14 New York Metropolitan Area Gyms Close

New York, N.Y. - The sudden-no notice closing of 14 Living Well Lady physical fitness centers recently in the New York Metro area is being investigated by New York Attorney General, Dennis C. Vacco. The closing of the 14 locations has affected thousands of customers in the New York Metro area.

The facilities were a no frills alternative to more expensive coed gyms. Living Wells' rates were much lower than those of

many competitors. Many members had purchased 'Lifetime' memberships requiring annual fees as low as \$25 per year for renewal.

It was reported that the Lucille Roberts Health Club chain was negotiating to take over at least one of the locations, but this could not be confirmed at CLUB INSIDER press time. It was also reported that the other gyms would not reopen. An employee at one of the Lucille Roberts lo-

cations in Manhattan informed The CLUB INSIDER News that they were honoring the Living Well Lady memberships for the remainder of their membership term if they had renewals of \$100 or more per year.

A call to Four Corners Health Club, Inc., a Houston, Texas company that operates the Living Well Lady chain reached a voice mail system and no additional information was obtainable by press time.

MAKE IT FUN!

If you will give me the courtesy of reading this ad, I promise I've kept it short and given you a real perspective of AccuCrunch.

My name is Layne Evans, I invented AccuCrunch. Several years ago, I injured my lower back. In an effort to fix my back, I studied everything I could find on the lumbar and the closely related abdominals. From my increased knowledge, I became dissatisfied with abdominal exercise against a flat surface (like crunches on a mat). There are two problems when we do ab exercise with our backs against a flat surface:

The first problem is about posture. The range of motion does not even include ideal posture. We naturally have a slight arch in our lumbar. It doesn't make sense to ignore ideal posture when training the abdominals because these muscles are constantly called on to help maintain ideal posture.

The second problem is about range of motion (ROM). ROM is severely limited by about half because the flat surface blocks abdominal lengthening. (Back then, I laid

on a mat, and holding a tape measure chest to groin, I measured my abdominals, lengthened and shorted, my ROM was under 5 inches). I thought "Rather than a flat surface under my low back, what if I position a moderate arch, instead". I set it up, then measured chest to groin. **Now my ROM doubled to about 10 inches!**

I knew I was on the right track because exercise manuals always say; **FULL ROM EXERCISE RESULTS IN INCREASED MUSCLE DEVELOPMENT AND BETTER JOINT FLEXIBILITY** -- ask any exercise physiologist.

In 1997, AccuCrunch has been purchased in the Salt Lake area at: Lifestyles 2000 Fitness Center, Cottonwood, Sugarhouse, Orem, and West Jordan. Cardiac Fitness Center, Salt Lake and St. George. Golds' Gym, Provo and Orem. Sports Mall, Downtown Salt Lake and Holladay. The Club: Ogden Athletic Club, Ogden. Alta Athletic Club, South Salt Lake. Life Centre Athletic Club, Sandy.

And from a sales trip to Denver, AccuCrunch units are now being used at: Rally Sport Health and Fitness, Boulder. The Max Fitness Center, Boulder. 24 Hour Fitness, Littleton. Powerhouse Gym, Aurora. BetterBodies Fitness Centers, Aurora, Westminster, and Lakewood. Parker Recreation Center, Parker. Lakewood Athletic Club, Lakewood.

We finally had a fully developed product in early 1997. This spring I went on sales trips to Salt Lake and Denver, calling "health clubs" out of the yellow pages. During six days in Salt Lake, I made contact with 18 fitness centers and clubs. From those 18 presentations, 18 AccuCrunch units were purchased at an average of **one-hundred eighty dollars (\$180) a piece**. (Of course, not everyone bought, some said no, others bought more than one.)

The experience we are having in the fitness centers where AccuCrunch is being used is that in the first week or two about half a dozen members tell the staff that they really like using this new crunch-board with the arch and the knee cradle. And AccuCrunch is being noticed in the industry, in August '97, just last month, the NordicTrack Inc. purchased 160 units to offer on the home market.

Please consider ordering at least one AccuCrunch today, it's only ninety-five dollars and it is well built. I guarantee your satisfaction.

AccuCrunch's pad is covered with super-heavy nylon cloth, so the part that commonly gets a lot of wear, the padding, is well protected. About the pad itself, it's 3/4 inch Ensolite. It costs ten times more than common foam, but when it comes to the spine, and the grind of ab training; this stuff feels best. Having directed a fitness center for the NAVY for eight years, I believe exercise equipment must be quality, or it is not worth having. I recommend AccuCrunch to you, it's a quality exercise station worth having in your facility.

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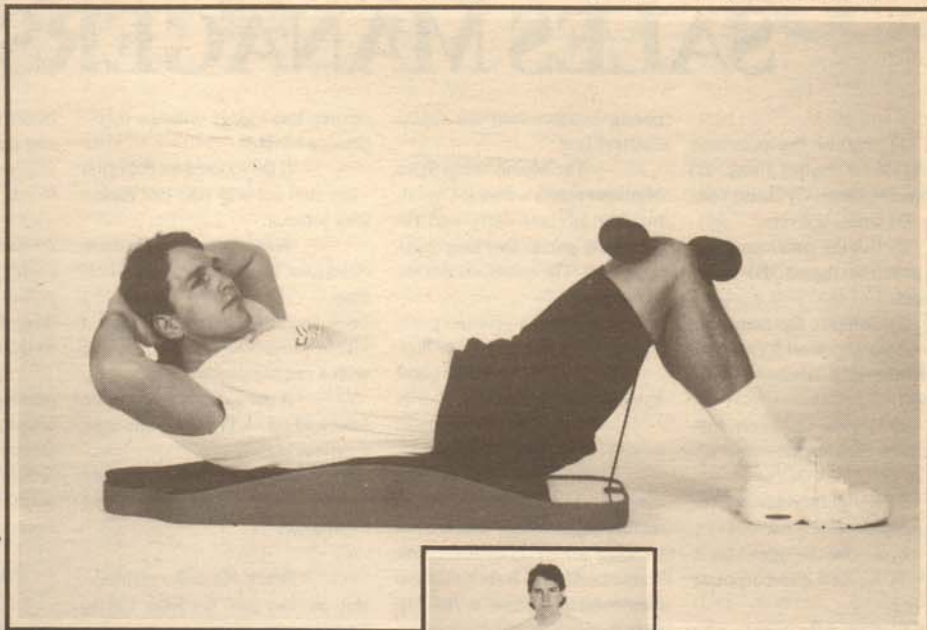
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The knee cradle is like a training partner holding down on your legs. It's automatically spring-loaded to a comfortable 25 pounds providing adjustment-free use.

I found that doing abdominal crunches over an arch presents a problem. There is a tendency of the hips coming up as likely as the upper body during contraction. This problem lead to my inventing the knee cradle. Like a training partner it holds down on your legs and stabilizes your lower body.

AccuCrunch was born. Patent number 5,120,052.

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IDEAL POSTURE

SALES MAKERS TIP OF THE MONTH

SALES MANAGERS DUTIES

1) Gather the previous days: A) Guest control sheet. B) Appointment sheet. C) Guest control log. D) Guest waivers.

2) Get the previous days: A) Transaction report. B) Daily worksheet.

3) Compile the managers report • Cross-check all forms with each membership advisor's daily worksheet.

4) Review the guest control log with each membership advisor.

5) Randomly review the membership advisor's file box.

6) Revise the sales board.

7) Review the corporate control log.

8) Call five people who have recently joined (weekly).

9) Call at least five people who did not join (weekly).

10) Review corporate control log at least twice weekly with each individual membership advisor.

At the end of the day (during the day or by whoever opens), the Control Desk Staff enters the date, the number of the waiver, the initials of the membership advisor, the name of the Guest and their

phone number into the Guest Control Log.

The Membership Sales Manager meets with each membership advisor daily and reviews the guests that have been approved. The questions that are asked are:

Did you give the guest a presentation? Mark Y or N

Have you sent the guest a thank you note? Mark Y or N

What are the guests' goals?

This insures that the membership advisor asked a qualifying question. You are not looking for generalities... You want specifics... Insure that the membership advisor is delving deep enough to paint a picture in the prospect's mind.

What is the guest's exercise history?

Again, no generalities. Get the prospect to view themselves as how they felt before, as they saw themselves.

What was their objection?

This insures that the membership advisor asked a buying question. It allows the Sales Manager to share their

closing knowledge with the membership advisor.

If they joined on their first visit, find out why (the one reason they joined)!

Write the answers to these questions in the appropriate column.

If the guest is no longer a viable prospect - mark the name with a red highlighter.

If the guest is going to be followed up - mark the name with a yellow highlighter.

When the guest has joined - mark the name with a green highlighter.

(Hint: Have the membership advisor pull the Scan Cards, first from their workbook, then the 1-31 file box, and read the number on the waiver for you. It's much easier for you to turn the pages of the guest log than for them to search through their book for the correct number).

The proper use of the guest control log is an important tool in producing membership sales. The information base collected makes training effective and productive. Membership staff will

benefit by exploring their strong and positive traits while identifying weak and non-productive trends.

Are your future customers hearing what your advisors are saying? Sometimes the general public does not remember everything the membership advisor is trying to communicate.

Is your staff creating a professional image? Are all the proper questions being asked? Does the new member feel comfortable or confused? Is the membership advisor making the calls as reported?

INSPECT WHAT YOU EXPECT

A) Every working day the manager should contact at least one new member at random.

1) Identify yourself as management, conducting a quality control survey.

2) Thank them for visiting the club.

3) Ask them a question confirming the existing information from the "comments" section or about an area that you intend to train.

4) Do not undermine your team. Rather, try to enhance their image. (Remember, the reason for this call is to ultimately improve your staff).

5) Note the date that you contacted them in RED INK ONLY.

6) When you want to remind yourself that you have already checked on something use RED INK ONLY.

B) Every working day, contact at least one new member.

1) Identify yourself (as above).

2) Welcome them as a new member.

3) Reinforce their wise decision.

4) Reconfirm the source.

5) Possibly ask about any procedures that you would like information about. Did they receive their member nomination form? When is their next visit to the club and what will they be doing? Have they tried the new PACE, Spinning or BODY PUMP class yet?

(Call the Sales Makers at: (800) 428-3334 for more information on Sales Management).

WILL YOUR CLUB SURVIVE?

By Tim Mansour

written by Fitness International President and Founder, Tim Mansour. The article is intended to communicate the reasons why clubs close and what to look for when shopping for a health club membership).

(This article is reprinted from the Fitness International Spring, 1997 Newsletter and was

Another health club closes its doors, leaving its members with a membership to nowhere. Why does this happen? Because many health club owners

don't manage their club as a business. The doors of a health club can stay open only if the business is profitable. If a club is to survive, the price of membership must be sufficient to cover operating expenses, including staff salaries, equipment, property maintenance and improvement.

When established prices are cannibalized by special deals, the beginning of the end is usually right around the corner. Prices that are too good to be true are a great way to attract new members, but the reduced income that results from "special deals" is often enough to start a club on a downhill economic slide. Another negative effect is member dissatisfaction - members who pay normal membership prices feel "ripped off" when they learn other members paid substantially less. If they choose not to renew their memberships, or demand a special deal, "like everyone else got" a club can lose so much income, it's forced to close.

Membership in a health club is no different than the purchase of any other goods or services - you want to be sure you

get your money's worth. Obviously, you won't if the club goes out of business before your membership expires. It pays to do a little research prior to making a commitment. Find out:

- The types of exercise programs offered - is there a program to fit your personal needs?

- The types of membership programs offered - can you join for one month up to thirty-six months?

- How long has the club been in business?

- Do the owners have an equity investment in the building, equipment and property or do they just lease?

- Visit the oldest facility - has it been well maintained?

- Visit the facility during peak hours - is overcrowding a problem?

The best advice is to be cautious of any club that offers a first day incentive - a price today that you cannot receive tomorrow!

In short, do your homework and you can rest assured that the club you join will be going strong for as long as you care to be a member.



Fitness International Team (L to R) Jason House, Chad Kite, Tim Mansour, Mike Williams, Theresa Fox, Shannon Mize, Kim Bauer, Brandon Coleman and Lex Luby



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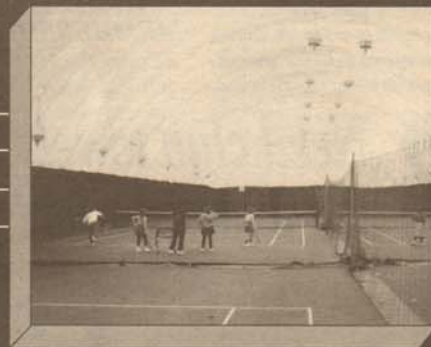
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Trend Report

continued from page 19

16.9% of their number holding health club memberships (vs 8.7% for the total population). They are followed by women age 18-34 (15.3%); men age 35-44 (11.9%); women age 35-44 (11.7%) and men age 25-34 (11.6%).

Q: Who uses the club the most?

A: It's an older, mostly male crowd. Men age 65+ are the reigning champs, averaging 139 days a year. In second place are men aged 45-54 (114 days), followed by men aged 45-54 (95) days, and men aged 55-64 (91 days). Although female health club members outnumber the males, men use the club more often; an average 88 days a year as compared to 82 for women. And those with lower annual house-

hold incomes (less than \$25,000) use the club far more often the most affluent members (\$75,000) - an average 112 days for the former vs 84 days for the latter group.

Q: Based on household income, what group claims the greatest number of health club members?

A: Those with annual incomes of \$75,000 or greater comprise one-third of all health club members. Those with incomes between \$25,000 and \$49,999 claim second place (27%), followed by the \$50,000 - \$74,999 group (24%). Those with annual incomes of less than \$25,000 account for the remaining 16%.

WHERE THE HEALTH CLUB MEMBERSHIPS ARE

According to the re-

...Body Pump

continued from page 13

auto debit. We have a 90-day minimum enrollment required because we feel that it will take that amount of time for club owners to evaluate the program. After that, they may cancel if desired with only a 7-day written notice. Importantly; however, after a cancellation, our Licensing Agreement stipulates that the club will not offer any barbell classes synchronized to music in aerobic rooms for a period of 90 days. We don't want to be in the business of training instructors for potential competitors. However, let me add that BODY PUMP is now in 11 countries and agents are signed

up for 25 other countries. The license program has been in place for 5 years now and there has not been one single cancellation so far! It is that good."

THE BAR BELL SET

Boggs adds, "The BODY PUMP barbell set is being imported from New Zealand because it is the best quality we could find. The cost is just \$34 for a bar, the collars and six plates."

CONTROLLED GROUP EXERCISE

The arrival of BODY PUMP in the U.S., marketed and promoted by The STEP Company,

recently-released 1996 IHRSA/American Sports Data Health Club Trend Report, 8.7% of the U.S. population belongs to health clubs.

The Western region of the country boasted the highest rate of health club membership (11%), versus 8% for the remaining parts of the United States. Due to the size of its population, the Southern states generated the highest number of members

(6,800,000) representing one-third of the nation's total membership. Between 1987 and 1996, these two regions realized the largest membership growth rates: 80% for the West (from 3,113,000 to 5,587,000); and 72% for the South (from 3,956,000 to 6,800,000).

State-by-state, California—with 12.2% of its residents as health club members—claimed the number one spot for percentage of population having health club

memberships, uprooting last year's leader, Wyoming, which dropped to 36th place. On the coast, Massachusetts took over the number two spot from Maryland, which dropped to number six.

New additions to the Top Ten State list are Virginia and Minnesota. In addition to Wyoming, absent from this year's list is Washington, which occupies the number 19 spot. Below are the Top Ten (three-year average):

(Norm Cates, Jr. is the Publisher and Editor of *The CLUB INSIDER* News and formerly a partner of Rich Boggs and Ray Irwin in the club business in the 1970's and early 80's.)

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1996 Rank	1995 Rank	State	1996 Number of Participants	1996 Participants Per 100 People
1	4	California	3,186,000	12.2
2	8	Massachusetts	593,000	11.8
3	7	Delaware	202,000	11.7
4	6	Colorado	358,000	11.2
5	11	Virginia	428,000	11.2
6	2	Maryland	809,000	11.2
7	12	Minnesota	475,000	10.9
8	10	Connecticut	258,000	10.5
9	3	Georgia	546,000	10.5
10	9	Arizona	390,000	10.0

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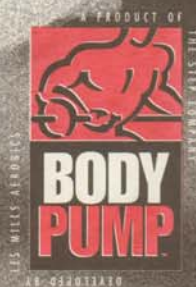
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(This IHRSA Trend Report is reprinted courtesy of the International Health, Racquet and Sportsclub Association (IHRSA) and sponsored by Cross Conditioning Systems. Catherine Masterson McNeil is the editor. To join IHRSA call (800) 228-4772.)

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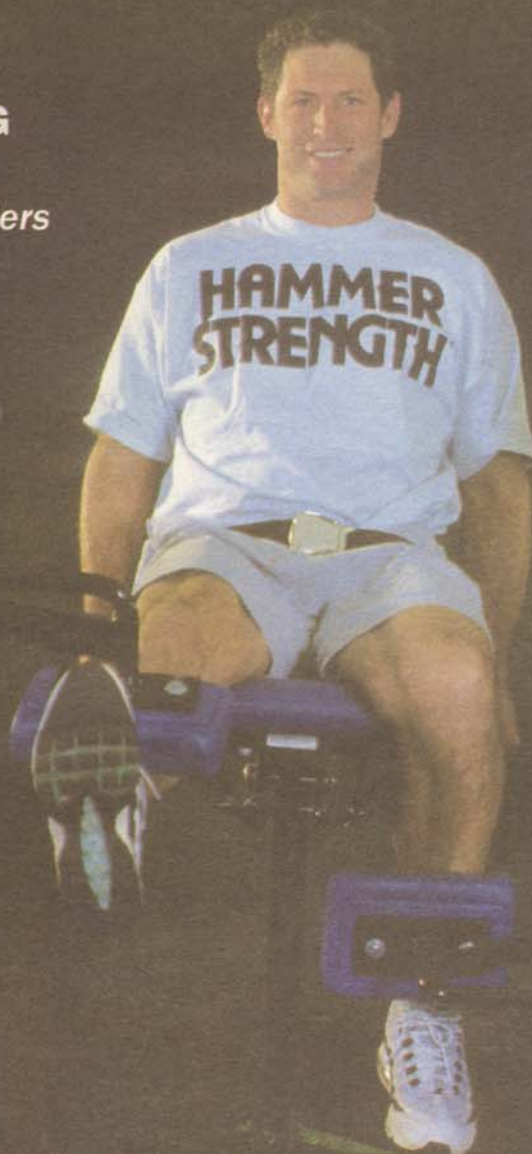
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