

# FATJO and HEMELGARN Face Huge Liabilities!

By Norm Cates, Jr.

The LivingWell, Inc. (LWI) chain of health clubs was to have been the biggest and best in the land. Founded by a man who made a fortune in the business of hauling garbage, the LivingWell club chain, with at times nearly 400 locations, was in dire straits at least as of late 1986. However, LivingWell Inc. (LWI) did not seek reorganization under Federal bankruptcy laws until October 27, 1989, when it filed for Chapter 11. With over \$148,000,000 owed to creditors and assets of less than

\$5,000,000, the case was converted to a Chapter 7 bankruptcy on October 5, 1990, leaving the creditors high and dry.

In October, 1991, the LWI Trustee filed a lawsuit against the officers, directors and auditors of LWI to obtain damages for fraud, gross negligence, conspiracy and other improper activities. Among those named in the case were Fatjo and an infamous club industry veteran, Ron Hemelgarn.

Tom Fatjo had entered the club industry after having sold his interest in his garbage removal company, Browning Ferris International (BFI). Fatjo predicted that he would build LivingWell into

the biggest and the best health club chain in America. What really happened was that Fatjo went from hauling garbage to selling it, as the LivingWell chain gobbled up numerous chains of small clubs around the country which were mainly storefront, high pressure sales operations. The concept of LivingWell was to sell long-term memberships for the maximum number of years allowed by the respective state law for as little as \$300 - with guaranteed lifetime renewal rates of as low as \$50 per year. During the time that LivingWell operated, this strategy ended up depressing the membership values and prices in clubs in markets in which they

operated.

Ron Hemelgarn has been in the club industry for 30 years and has developed a reputation as one of the most notorious club operators in the history of the business. Hemelgarn was a key player in the LivingWell organization. A good example of Hemelgarn's "Spa Mentality" was displayed in Chicago, Illinois at the 1986 - Club Industry meeting when a debate was set between Fatjo and Hemelgarn and Alan Schwartz, the Chairman of the Tennis Corporation of America. The purpose of this debate was to air the different operational/marketing viewpoints of two industry groups who had diametrically



*LivingWell, Inc.*

opposed philosophies.

During the debate, Schwartz argued against Fatjo and Hemelgarn that they were deceiving the public, they were going to ruin the name of the club industry with bankers and consumers na-

(See *Living Well* page 9)

# The Conscience Of The Health Club Industry?

By Norm Cates, Jr.

In October, while attending The Club Industry show in Chicago, I had the opportunity to sit down with Mike Chaet, the CEO and Founder of Club Marketing and Management Services (CMS). Mike is a veteran of nearly 30 years in the club business, so I considered Mike's comments to be important.

Mike was giving me a hard time because I had personally authored most of the articles relative to IRS's effort to change its name to EXERCERE and the articles chronicalling the events relative to Bally's legal woes. His beef was that I should get a lot more

people involved in writing articles for The CLUB INSIDER News. I could not agree more with Mike Chaet about his suggestion. However, it is not as easy as Mike makes it sound.

During this spirited conversation, which, by the way, was laced with a lot of humor between two old friends, Mike attempted to give me a title which I want to summarily reject. The title: "The CONSCIENCE of the health club industry!"

Mike argues that The CLUB INSIDER News is the only publication in the club industry today which is really speaking out on important club industry issues. He relates that I say things in the CLUB INSIDER that others are thinking, but won't say. He lik-

ens my behavior to that of a "watchdog." I have been called worse.

But, I think I need to clear up some things here. I am not in any way attempting to be "the conscience of the health club industry." Instead, with The CLUB INSIDER News, I am simply keeping my promise to my readers and supporters to research and report important club industry news and activities and to "tell it like it is." SO WHAT if my style of reporting cuts through the Harvard level of writing like a sharp knife in soft butter? SO WHAT if I ruffle the feathers of a few IHRSA Board Members and some Bally executives? To produce a publication that will have meaning and value to those who

read it requires something DIFFERENT....., and I am going to do this thing in my DIFFERENT way in order to deliver that meaning and value to my good friends and associates in the club business.

If my efforts can provide my readers with information which will make them think about important club industry issues and to take a position on those issues..... it that bad?

Take the Bally situation for example. During our first year of publication, I have published several reports on the legal battles in which the Bally clubs have found themselves embroiled. These reports have been carefully researched by me..... from the actual legal documents which I've obtained from the various Attorney General and consumer offices involved. Yes, in response to Bally's nationwide Federal Trade Commission problems, I wrote a scathing article about and letter to Bally's Chairman, Arthur Goldberg, suggesting that



*Mike Chaet*

Goldberg get the Bally Corporation out of the health club industry. Ironically, approximately 30 days later, Goldberg announced that he was going to "spin off" the health club chain from the parent company. He cited "confusion" by the investors as causing the Bally stock price to be depressed, as his reason for the "spin off." And, yes, (See *Conscience* page 9)

## • Inside The Insider •

•Really, I Just Need To Think About It

By Casey Conrad

•Survival of the Fittest

•Top 100 Club Nominations

•Neil Sol Named Healthy

American Fitness Leader

•10 Ways to Improve Sales

•Bally's Ace Certification Under Way

# THE INSIDER SPEAKS

## • EDITORIALS • "INSIDER MAIL" • COMMENTS •

October 25, 1994

Ms. Linda Scionti  
Austin and Armani  
25 Killmer Drive  
Suite 214  
Morganville, N.J. 07751

Dear Linda,

Thank you for your call today relative to my article on the BALLY - ACE certification plan. I will look forward to receiving details on the \$700,000 sales training program for inclusion in my article.

Enclosed, please find a copy of my October, 1994 edition, with the front page article entitled: "BALLY HEALTH CLUBS..... Where Do They Go From Here? In respect to that article, previous and future articles, I will do my best to be factually correct. At the same time, I will ask the questions that need to be asked. And, yes, I will continue to render my opinion on what I observe, as I believe that I am one of the, if not THE #1 EXPERTS on Bally's Health Clubs in America today. (Outside of Bally's of course.)

Some may wonder why I have such a keen interest in the Bally Clubs and where they are going from here. The reason is that the diversification of health and fitness facilities in North America is running wild with hospitals, churches, office/corporations, hotels, apartment complexes, Y's, JCC's and governmental agencies building new - state-of-the-art health clubs. At some point, the roughly 14,300 for-profit health clubs in North America will simply no longer be able to get new members in sufficient quantity if the overall image and reputation of the health club industry stays in its current condition. I am for the development of a major national coalition of legitimate "for-profit" health club operators gathering their resources to project a new image and new face for the health club industry in America and Canada. This new image could be publicized through joint advertising, developed and purchased by thousands of North American health clubs.

In order for the national image of the health club industry to be changed in the minds of the consuming public, the leaders of the industry, the IHRSA clubs and particular, the Bally Clubs, must continue to change to be able to meet the scrutiny of the educated American/Canadian consumer. Additionally, it is crucial to the long term "big-picture" that Bally's is undertaking their major changes, because with these changes could some day come admission into IHRSA and thus the collective power of IHRSA clubs, combined with Bally Clubs, could be brought to have a greater impact on this image. If Bally does not succeed in its efforts to make these significant changes, then the potential firepower of this new national image promotional coalition will be substantially reduced and the legitimacy of our message could fall on deaf ears.

My mission is and will continue to be to prod, examine, suggest, and yes, even aggravate those leaders that CAN make this difference until this effort has become a reality. It is not personal. In the end, all club owners and operators, especially IHRSA and Bally Clubs will profit from this effort.

I strongly believe that I am right. How do I know that I am right? Conversations with thousands of club members, hundreds of club employees (including many Bally employees), and untold numbers of club owners and operators over my 20 years in the business tells me I am right. And, Mike Lucci, the head man of the biggest health club organization in the world, has indirectly told me and the rest of the club industry, that I am right. He may not know it, but he did. And, I take my hat off to the man for his guts and leadership efforts.

So, Linda, contrary to the perception of those who have not studied and examined the subject, I am NOT-ANTI-Bally..... I am just the opposite..... I am FOR Bally and their efforts. Success for Bally in this regard, in my opinion, is a pivotal situation in the 40+ year history of this infant business called the health club industry. It is with this growing pain that the club owners and operators of the U.S. and Canada will be able to carve out a PERMANENT place in the history of the world.

I am happy to be able to help.

Very truly yours,

*Norm Cates, Jr.*  
Norm Cates, Jr.  
Publisher and Editor  
The CLUB INSIDER News

IHRSA  
263 Summer Street  
Boston, MA 02210  
(617) 951-0055  
(800) 228-4772  
Fax (617) 951-0056

October 28, 1994

Mr. Norm Cates  
Club Insider  
P.O. Box 671443  
Marietta, GA 30067-0025

Dear Norm,

Thank you for copying me on your letter to Ms. Linda Scionti of the Public Relations Firm of Austin & Armani.

Like you, my sense is that Mike Lucci is doing everything he can to turn Bally around, both financially and culturally. Also, like you, it is our hope that he succeeds.

Their failure on either count - financial or cultural - is not in the best interest of the industry or of IHRSA clubs.

Best Regards,

John McCarthy  
IHRSA

JM/ab

cc: Mike Lucci - Bally Health & Tennis

### INSIDER SPEAKS Reprint

TO: CBI Editor  
FROM: Charley Swayne  
SUBJECT: Letter to the editor  
DATE: October 17, 1994  
COPIES: Board, Advisory Board, Vanguard, IHRSA Staff

The time has come to have an open election for the IHRSA Board of Directors. We should know where potential Board members stand on such divisive issues as whether or not to continue to allow not-for-profit in... and WE SHOULD HAVE THE RIGHT TO ELECT THE BOARD.

The present arrangement of having the current Board select the new Board has served us well in the past. The quality is, and has been excellent, but the positions some take are so controversial that EACH MEMBER SHOULD BE ALLOWED TO HAVE A VOTE IN WHO IS ELECTED.

Every year three new Board members are chosen. I suggest the Board select a slate of several (translation.... more than three) candidates to be presented to all the members at the convention. Candidates could submit their views, campaign, and be available to answer our questions. A real election could then be held at the end of the convention.

Sincerely,  
Charley Swayne



**Charley Swayne**

# • NORM'S NOTES •

**SUE McGOUGH** spent 15 years with the fabulous 125,000 square foot Atlantic Club in Wall, New Jersey. The Atlantic Club, owned by **PATRICIA LAUS BRENNAN**, reported revenues last year of over \$8 million and Sue was instrumental in the great result with her programming work as General Manager. Recently, Sue resigned from her position as General Manager and is now seeking a new opportunity. I've seen a lot of resumes in my day, but **SUE McGOUGH'S** is one of the most impressive I've seen! To reach Sue about possible employment, drop a line to: **SUE McGOUGH**, 319 Morris Avenue, Spring Lake, New Jersey, 07762.

O.K..... For the last two months, I've been asking ya'll to clip and complete and Fax to me a Survey on Compensation for General Managers. Maybe you folks don't get it, or maybe the issue is so unimportant to you that you don't want to take the 4-5 minutes it will take to do it. But, I am NOT GOING TO GIVE UP! Let me explain why you ought to fill out this survey and send it back, no matter whether you are a General Manager employed by a club or the Owner of a club which employs a General Manager. By providing The CLUB INSIDER with this information, you will provide information which can be used to establish a BENCHMARK for the industry in the area of compensation for General Managers. From an employee's point of view, this will become an excellent tool with which to evaluate your own situation..... and from an owner's point of view, it will be a tool with which to establish compensation levels and incentive plans for current or future General Managers of your clubs. COME ON! Find the Survey in this month's CLUB INSIDER and fill it out and either FAX it to us or MAIL it to us. This is important stuff and you should not sit around and ignore it because you are too busy or because you don't think it will be useful. Your IDENTITY WILL NOT BE REVEALED!

**DOUG MILLER** is a partner with club sales veterans **RAY GORDON** and **ED TOCK** in the company known as **SALESMAKERS INTERNATIONAL**. Doug is based in England now and is putting the finishing touches on the pre-sale of a new 12,000 square-foot club in England, the **VIVA CLUB**. The new club is SOLD OUT of memberships before opening, capping the membership with over 1500 memberships sold! Nice job DOUG! RAY AND SANDI

**GORDON** are now operating the Naples Fitness Center in Naples, Florida under a management contract and recently had a "Grand Re-Opening" of the club after installing renovations of over \$125,000. The remodeled club looks great. The **SALESMAKERS** are in my opinion — one of the best membership sales consulting firms in the business. Look for details on their Annual 3-Day Sales Training Seminar held in beautiful Sanibel Island, Florida.

The Club Industry Trade Show in Chicago in October was a good one with a number of new innovations hitting the market. Probably making the biggest splash, was the new **SKYWALKER** cardio machine which has been developed by **SSI, Inc.** and is being marketed by **Sales Superstar, LEE GUTHRIE**. One thing is for sure..... if you give Lee a quality product and marketing dollars, he is one of the best in the business at putting a product in the market and getting major attention. Lee reports that he has around 3,000 orders from the show, with one major order of 1,500 units from one organization. I just hope Lee will be able to produce and deliver the new **SKYWALKERS** on time for the heavy winter season! Other hot items were the new **NAUTILUS** Skate Machine which simulates inline skating the new **AB Trainer** which is hitting the market at only \$269, and the new **Tectrix** bike!

**SPENCER GARRETT**, the owner of the Pierpont Racquet Club, has once again honored me and given me a chuckle at the same time. This man's sense of humor knows no bounds, thank God! Sending in his renewal \$99, Spencer wrote a note which said: "Subscription to the top periodical in any industry." Thanks Spencer, that will be a tall bill to live up to. Then, he attached a \$1 bill to a fax memo I had sent him and he wrote the following note to me: "When visiting **ROGER RALPH**, I gave the guy in Baltimore who needed money for food a buck. At least I can give you that for your food for thought." Thanks Spencer. You have done a great job on the IHRSA Board dealing with all of the hot issues and putting up with

me. I appreciate your support.

**IHRSA's 1994 Profiles of Success:** The IHRSA/Gallup Industry Data Survey of the Health and Fitness Club Industry, reveals that PROGRAMMING has become the new growth strategy for the 90's. The Top 5 Hottest Programs are: Nutritional Counseling, Martial Arts, Seniors' Fitness, Kid's Recreation and Physical Therapy. Personal training was also included on the "Hot List." Clubs which successfully developed new programs and profit centers — collecting fees in addition to membership dues — were among the most profitable clubs in the U.S. "Consumers are commonly price-sensitive to enrollment fees and membership dues, but they almost never complain about additional fees for quality services," says Rick Caro, of New York-based, Management Vision. The information above comes from IHRSA's Trend Report and which is sponsored by **CROSS CONDITIONING SYSTEMS**. To receive the Trend Report and other IHRSA benefits, join IHRSA by calling (800) 228-4772.

**SCOTT GARRETT**, brother of **SPENCER GARRETT**, and owner of the four Albuquerque Athletic Clubs, is leading the way toward movement of clubs to a health and wellness focus by changing the name of his chain for four clubs to **NEW MEXICO SPORTS & WELLNESS**.

**MARK FEUER** of Cross Conditioning Systems, tells me that when club operators see a print ad of their great new product, the **XL 100**, you immediately assume that it is difficult to operate for your members. WRONG! The **XL100** machine combines cross country skiing with treadmill technology for an extremely high tech total body workout that is easy to do. Look at the **CROSS CONDITIONING SYSTEMS** ad in last month's CLUB INSIDER, page 14 and read the ad copy. Look at the picture. Then call **CROSS- CONDITIONING SYSTEMS** — **KEN GERMANO** and **BUY SOME OF THE MACHINES**..... your members will love it and once again, you will be a hero for improving your club for your members with state of the art stuff. Call **KEN GERMANO** at (800) 344-0444.

SPEAKING OF AD-

VERTISERS..... I want to thank all of you who have advertised in the CLUB INSIDER so far. Your support is helping the ENTIRE club industry as this publication IS and WILL MAKE A DIFFERENCE in the industry. I want to urge each of my readers to do business with **CARDIO THEATER**, **AFFILIATED ACCEPTANCE CORPORATION**, **SPRINGFIELD CORPORATION**, **CHECKFREE CORPORATION**, **FAUST MANAGEMENT CORPORATION**, **PROMOTE IT INTERNATIONAL**, **AMERICAN HEALTH CLUB MARKETING**, **DONALD DeMARS INTERNATIONAL**, **ALPHELION CORP.**, **PREFERRED CLUBS**, **THE STEP COMPANY** and **M.S. PLASTICS**. These vendors are making a difference!

**BRUCE GOBIN** heads the Sportslife group of clubs in Birmingham, Alabama. The name Sportslife is used under a licensing agreement with the Atlanta Sportslife group. Recently, Bruce has teamed his Sportslife organization with the Montgomery Baptist Hospital to purchase the Montgomery Athletic Club in Montgomery, Alabama from long time owner **MIKE KOLEN**. That brings to 4 the number of clubs that Bruce Gouin operates in Birmingham and Montgomery.

**EQUIFAX**, the Atlanta based Credit Reporting Agency,



**Norm Cates, Jr.**

has announced that it will no longer accept reports on credit from health clubs nationwide. This and the announcement by the two other majors that they will no longer accept reports in the State of Maryland has sent shock waves through the health club industry. In their October, 1994 issue, CLUB INDUSTRY MAGAZINE has published a report entitled: "LOSING THE LAST RESOK!" which is about this happening. In next month's CLUB INSIDER, we will dig into this issue and announce a plan to do something about this situation which will help club operators.

**MIKE KOLEN**, the former owner of the Montgomery Athletic Club, has been retained by Sportslife as a spokesperson for the club under a two-year contract. Mike is entering the field of financial planning. Given Mike's excellence as a person and his impeccable reputation in Montgomery, he should do really well in the financial

(See Norm Notes page 12)

Norm Cates'

**Club Insider**  
NEWS  
Subscription Form

Name (s): \_\_\_\_\_

Club Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

\$99 for 1 Year for 1st Person

\$49 for 1 Year for Additional Subscription

\$ Check Enclosed

Authorization Signature: \_\_\_\_\_

P. O. Box 671443, Marietta, GA 30067-0025 or Fax: 404-933-9698  
OR Call Toll Free Hotline 1-800-700-2120

# "Really, I Just Need To Think About It!"

By Casey Conrad

**I** need to think about it." Six simple words that, when combined, are single-handedly responsible for frustrating thousands of sales people every day. As we know, when a prospect tells you "I need to think about it," very often they are using that as a smoke screen to their real objection. Therefore, all good sales trainers teach their salespeople to uncover the prospect's real objection before they leave the club. How many times though, have you encountered a situation where even after asking the prospect, "If you don't mind my asking, what specifically is it that you need to think about?" have you gotten the reply "Nothing in particular, I just need to think about it?" Many times salespeople are quick to assume that, in these cases, the prospect is withholding the truth. Although that can sometimes be the case, an understanding of what Neuro Linguistic Programming calls buying patterns gives us another perspective.

Simply put, a buying pattern is an unconscious short-cut your brain takes when making decisions. Time sort is one of sixteen buying patterns in NLP. Time sort refers to the amount of time it takes someone to make a pur-

chase. An individual's time sort can fall into one of four categories: Immediate, a few times, a period of time and consistent.

Someone with an immediate time sort makes decisions very quickly and spontaneously. Someone with a few times sort will probably need to see something two or three times before making a decision. A period of time sort will usually take anywhere from two weeks to a number of months before buying, and a consistent sort is someone who is consistently thinking about buying but never does!

How does all this relate to fitness sales? Some people take longer to make decisions — no matter how nice your club is or how "competitive" your prices are. For these people it's not a "What specifically" that they need to think about, it's a when — and when isn't going to be until their time sort has been completed!!

So, how do you find out what a prospect's time sort is? If they are currently a member of some sort of club or structured program, or they have been in the past, are you going to ask them (very nicely, not like an interrogation): The last time you got started on a program, did you go to the club and immediately decide that it was for you, or did it take a while? And, if they say it took a while, you can ask "And how long was that?" If the guest has had no previous exercise history you want to ask them "Do you have a timeframe in mind

for when you are going to get started?"

Obviously, immediate sorts are going to answer the time question with "Tonight", "Right away", "As soon as I can" or something to that effect. Someone with a few times sort might say something like "Very soon" or "Within the next week or so."

The period of time people are a bit tougher to fit into such nice, neat categories because period of time for one person may be a month while, with another person, it may be six months. One thing is for sure, though, and that is period of time people don't like to be tied down to a time in terms of when they are making their decision and often will tell you that they will get back to you when they are ready.

Finally, we have the consistent time sorts — a salesperson's nightmare. Consistent sorts are always thinking about buying a membership, they appear to be interested, but never make a decision.

So, how are you going to use this great information? Well, once you know what a guest's time sort is, you want to adjust your sales presentation accordingly. With an immediate sort, make sure you aren't ignoring their buying signs. When they are ready to buy, close the sale.

With a few times sort, know that they may need to come back for a second or third visit before making a decision. Instead of trying to push them into making a decision at that moment, offer them a chance to come back and have their first workout or use the club for a day. If you try to close too hard with these guests, they'll never come back.

With period of time sorts, be prepared for a long decision making relationship. Most importantly, keep in touch with them and be supportive, not a nag. By taking this pressure off of them, sometimes they will actually make a decision faster.

With consistent sorts, you have to keep in mind that no matter what you say or how many times you get in touch with them, it may take them a year to make a decision — if they make one at all. In my experience, though, even when you never get a consistent sort to buy, if you keep in touch with them, they will often send referrals your way.

One final note. When you are dealing with a period of time or a consistent time sort, just because you customize your sales presentation to make them comfortable, that doesn't mean you skip the close. You still need to find out where they are in their decision making process. Remember, you are a professional and your time is just as valuable as



**Casey Conrad**

anyone else's. Having this time sort information, though, allows you to discuss things with guests from their perspective, resulting in a much greater level of rapport and ultimately more sales.

*(Casey Conrad has been in the health and fitness industry for over ten years. She is President of Communication Consultants, a company dedicated to bringing high quality sales and communication seminars and consulting services to fitness professionals. She is the author of "Selling Fitness," the first and only book dedicated to the selling of health club memberships. Most recently, Casey co-produced "Mastering Fitness Sales," an exciting new health club sales training program featuring monthly audio cassette tapes and workbooks. Casey can be reached at (401) 725-6147.)*

## 10 Ways To Help Your Membership Sales

By Mike Chaet

1) If a person is going to join, but they don't have their checkbook with them, get all of the paperwork done and set up their next appointment.

2) The last 10 days of a marketing campaign may account for 1/3 of all sales. Hit the phones very hard and let the people know

it is almost over.

3) Treat every new member as though he will bring in 75 new ones. (That is the average number of people who show up at a funeral).

4) Every member that sponsors a new member should get a gift and a personal phone call to say thanks. It will bring you a never ending supply of new members.

5) Always try to keep

a full supply of interested people in the "pipeline". Do this through trial memberships, guest passes, certificates, referrals and so on.

6) Instead of charging \$32 per month, could you charge \$16 every 2 weeks on their EFT?.....Think about it.

7) Use a first visit incentive during the sales presentation. It is best if

these are printed in certificate form.

8) Door hangers in local neighborhoods reinforce your message.

9) Always remember you are selling the greatest product on the face of the earth. Let your prospect know this.

10) The most powerful pre-sell tool is a 5-minute video of your club

and what it will be like once they become a member. Show it to them before you take the tour.

*(Re-printed from Mike Chaet's 101 Powerful Secrets for Increasing Membership Sales. Mike Chaet is the Founder and CEO of Club Marketing and Management Systems, a Helena, Montana based club consulting and training firm. Mike may be reached at (406) 449-0110.)*

# CLUB INSIDER TOP 100 CLUB LIST

In our January, 1995 issue, The CLUB INSIDER News will publish a list of the TOP 100 CLUBS in the United States. You can submit your club or the

names of any other clubs for consideration for the TOP 100 by completing the information shown below and sending it to us. DEADLINE for nomina-

tions will be December 15, 1994 and the TOP 100 list will be selected by a TOP 100 Committee which is currently being selected.

## CONFIDENTIAL CLUB GENERAL MANAGER'S SURVEY

The General Manager's Compensation Survey shown below was published in last month's CLUB INSIDER. At press time this month, I had not received enough responses to the survey to produce a meaningful report. If you are an owner or general manager, please take just a few minutes and complete the survey and fax or mail it back to me by November 23, 1994. Your name or club name WILL NOT BE REVEALED. Thanks very much!

Norm Cates, Jr.  
Publisher and Editor, The CLUB INSIDER News

Your Current Club: (Check ONE per box)

1. Type: Indoor Only  Outdoor Only  Indoor & Outdoor

2. Description

- a) How old is club?  years old
- b) How big is it? Indoor Sq.Ft.  # Acres
- c) What is its total gross revenues? \$

3. Your Background:

- a) How long have you worked there(in all positions)?  years
- b) How long have you been the club's General Manager?  years
- c) If you were a General Manager prior to this club, how many years did you serve in total as other clubs GM?  years
- d) How much is your total compensation for last year? \$

1) Base Pay	\$ <input type="text"/>
2) Bonuses/Commissions	\$ <input type="text"/>
3) Profit Sharing	\$ <input type="text"/>
4) Pension Plan	\$ <input type="text"/>
5) Health Benefits	\$ <input type="text"/>
6) Free Club Membership	\$ <input type="text"/>
7) Car (Bought/Leased)	\$ <input type="text"/>
8) Other	\$ <input type="text"/>
9) Other	\$ <input type="text"/>
Total \$ <input type="text"/>	

e) Are you the owner of the club? Yes  No  (if "No", skip to "h")

- 1) If you are, what  %
- 2) Any dividends received? Yes  No
- 3) How much in dividends in 1993? \$

f) If you owned the club and would hire a General Manager today, what would you pay him/her as a base salary? \$

g) What would be his/her total incentives besides the base pay you would offer?

h) What is the one thing the club could do specifically to motivate you more?

i) If your compensation is not the only thing contributing to your satisfaction at the club, what are the other things you like about your current experience?

Thanks for your cooperation!

FAX TODAY TO (404) 933-9698 or MAIL BY NOVEMBER 23, 1994.  
CLUB INSIDER, P.O.BOX 671443, MARIETTA, GA.30067-0025

### TOP 100 NOMINATIONS

Category List: Multi-Purpose  
Fitness Facility Only  
Racquet Sports Only  
Hospital Owned Facility

I would like to nominate the following clubs/facilities

for CLUB INSIDER'S TOP 100 LIST:

CLUB NAME	OWNER'S NAME	CATEGORY	LOCATION
(1) <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
(2) <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
(3) <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
(4) <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
(5) <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

SEND OR FAX NOMINATIONS TO:

CLUB INSIDER News  
BOX 671443  
Marietta, Ga. 30067-0025, FAX: (404) 933-9698

**AAC** *Success Track*  
SERVICE PROGRAMS

**VISA  
MASTERCARD**  
Electronic Funds Transfer

**45¢**

(Per Monthly Debit)

Payments electronically debited & **Cash** transferred directly to **Your** account!

**PLUS**  
Payment book and EFT processing

**CALL NOW!**  
**1-800-233-8483**

Gary Piper or Jerry Mercer

**Affiliated Acceptance Corporation**  
PROFESSIONAL RECEIVABLES MANAGEMENT

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

# SURVIVAL OF THE FITTEST

By Walt Reichert

**I**n the real world of business competition, it's not often that David beats Goliath. We customers might root like the dickens for David, but we tend to patronize Goliath.

So, it's a bit surprising that when Louisville Magazine asked subscribers to choose the city's best fitness facility, they cast the most votes for Milestone Fitness Center in St. Matthews, a small, single-location facility without tennis or racquetball courts. Not even a pool!

What Milestone has that the larger facilities don't, though, is Paul Schmitt, a zealous missionary of physical fitness who has been making locals sweat and shape up for more than 25 years, first as a

recreational therapist for Our Lady of Peach Hospital, then as fitness director at the downtown YMCA, and for the past eight years, as director of Milestone. Since Schmitt opened his business in 1984, he has attracted a small but devoted following of true believers who testify that his gospel of good health has changed their lives for the better.

Sound Body, Sound Mind. A Louisville, Kentucky native, Schmitt earned a degree in physical education at the University of Louisville, where he also played baseball. He went on to do graduate study in cardiac rehabilitation and exercise physiology at the University of Wisconsin - LaCrosse and followed that up with a degree in correction therapy from the Veterans Administration Medical Center in Louisville.

He first successfully tested the theory that physical fitness is the cure for many of life's problems at Our Lady of Peach Hospital. "It was amazing the improvements you could see in many of the patients once they got into an exercise regimen," he recalls. "Physical therapy really did improve their mental outlook."

Later, at the Downtown Y, he became well-known for his noon exercise class, which attracted lawyers, doctors, and downtown business-people who preferred doing push-ups to doing lunch. Columnist John Ed Pearce wrote about Schmitt's noontime exercise class in the Sunday Courier-Journal Magazine, facetiously calling it "Murder at the Y."

Schmitt says he was perfectly content with his job there, but that ever since college he'd harbored the dreams of establishing his own fitness facility. "Back in the 60's, my idea of starting a fitness center was just way ahead of its time," he says. "There just wasn't the emphasis on physical fitness back then. It wasn't until the 80's that health and physical fitness got the attention they have now."

He decided the timing was finally right in 1984, recruiting a group of 18 investors - almost all of them his former Y "students" - to help him lease a space and purchase equipment. Schmitt says the celebrity he gained at the Y was a big help in attracting investors: "Once the word was out that I was looking to start up a facility of my own, investors just came to me."

Local auto dealer Tom Payette was one of Schmitt's original investors and currently serves as Milestone's Chairman of the Board. The second floor of St. Matthews Station, where Payette had once stored some of his dealership's cars, was chosen as the Milestone site. "We drew a circle around the area we wanted to serve," says Schmitt, "and it turned out that this corner was right in the center of it."

The facility's space, about 16,000 square feet, required extensive remodeling as well as the purchase of dozens of exercise and fitness machines, some of which cost as much as \$5,000.

Fortunately, the machines weren't idle for long. In its inaugural year Milestone attracted between 700 and 800 members. Today, Milestone has over 1,500 members and is still growing. A weight room was added recently to take advantage of the growing popularity of weight lifting among both men

and women.

"We're not at capacity yet," says Schmitt, "but one of the things we want to make sure we don't do is become overcrowded. The type of people we get don't want to stand in line to use a machine or piece of equipment."

**Working Out Their Workouts.** So how does this fitness entrepreneur, who turns 50 this month, manage to keep Milestone ahead of the competition?

For starters, Schmitt says "the center designs personalized programs tailored to the goals and interests of each new member. While most people come to Milestone to lose weight or reduce stress, he says others come to "get big," tone up their bodies, or to keep off weight they have already lost." Each goal requires a different regimen, and Schmitt and his staff pride themselves on their programs.

"Some people just don't care to sit and ride a bicycle for half an hour; others get bored lifting weights," Schmitt says. "So when they first come in we try to find out both what they want to achieve and how they can have fun doing it."

First-time members are also given a cardiovascular risk-factor analysis, a body-fat assessment, and instructions on how to monitor their own heart and breathing rates. Most Milestone members, Schmitt says, are business and professional people aged 15 to 80, with slightly over half of them women. Babysitting is available during most hours.

Milestone also offers a wide variety of classes, at least six per day, scheduled at convenient times. Among them are 'early worm' step-aerobics classes starting at 6:15 a.m., midday senior citizens' classes, Schmitt's infamous "High Noon" exercise class, and a basic exercise program that starts at 7:45 p.m.

Another big draw is Milestone's "Shed or Spread" weight-loss program, a combination diet/exercise approach to taking weight off and keeping it off. The classes were developed by Schmitt and Milestone's program director, Sue Schonberger, in consultation with Dr. Steve Wheeler, a local physician and health consultant, and Marthy Gregory and Associates Nutritionist. Every time the six-week program is advertised, Schmitt says, the center gets at least 150 calls, and many of the attendees eventually become members.

While Milestone can't offer the pools, saunas and tennis courts that many clubs can, it has



**Paul Schmitt**

a wide range of exercise equipment designed to stretch, bend and mold just about every part of the human body. One such machine is the Gravitron, a device that lets the average 90-pound weakling do chin-ups with the help of a little hydraulic fluid. You might actually have to wait in line for that one.

The tidiness at Milestone is what impresses Dean Corbet, Equus restaurant's chef. "I've belonged to several fitness centers," he says, "and they have a tendency to get kind of nasty. But here everything is spotless. Paul is absolutely rabid on the subject of cleanliness."

What Rhonda Goodall, owner of Goodall Design Associates, likes about Milestone is not just the variety of equipment, but the knowledge of and willingness of the Milestone instructors to show members how to use each machine to best advantage. Goodall says she has even taken advantage of Schmitt's knowledge of exercise devices in her design work. "I work with a lot of businesses that want to add some sort of exercise facility to their offices. So when it comes to picking out the machines they need, the first thing I do is go to Paul. He knows everything about what's available."

He-e-ere's Paul. Convenient classes, snappy-clean equipment, good location — all are no doubt reasons Milestone has prospered, but the main reason has got to be Paul Schmitt himself, who's nothing less than an evangelist for the physical-fitness faith. Bring him your trick knee, your flabby behind, your sagging belly and double chin -- he lives to make them go away. In fact, Schmitt will take it personally if you return to your old, sinful ways after entering the sanctuary.

"I think the thing that upsets me most about this business," he says, "is when people quit and go back to their old eating habits and lazy lifestyle. I take almost as (See Schmitt page 7)



**SPRINGFIELD CORPORATION**

WHOLESALE DISTRIBUTOR OF INSTITUTIONAL LINEN

Imported & Domestic Textile Products

**Take the guess work out of your . . . .**

**Towel Purchasing**  
**Satisfaction Guaranteed**

**QUALITY PRODUCTS**  
at  
**COMPETITIVE PRICES**

**Rubbermaid**®

**Commercial Products**  
Authorized Distributor

**CALL 1-800-241-2081**

**ASK FOR OUR CURRENT PRODUCT LIST**

**HEALTH AND ATHLETIC CLUBS**  
The Supplies You Needed Yesterday!

**HRSA**

ASSOCIATE MEMBER

P.O. Box 81345 • Atlanta, Georgia 30366  
404/451-3951 800-241-2081 FAX 404/457-9557 FAX 800-772-6760

# Kevin & Julie Boorse Buy Two Clubs

**K**evin and Julie Boorse, owners of Sports Club Management, Inc., of a consulting and management firm serving the fitness industry, have purchased the real estate and business operations of two additional athletic

clubs. Since severing their relationship with their business partner in December, 1993, the couple has recently acquired SportsRidge Athletic Club, a 30,000 square-foot, multi-purpose club located north of Dallas, Texas and Shawnee Racquet & Fitness Club,

located in East Stroudsburg, PA., which is a 35,000 square-foot, multi-purpose facility.

In addition, the Boorse's have just completed an impressive expansion project at Springfield Racquet & Fitness Center in Springfield, Illinois, supervised

by the center's Managing Partner, Brian Kosa. This project provided the facility with a new aerobics studio, enlarged fitness center and free weight area, as well as an expanded nursery and youth center. The couple have owned the business and real estate at the 60,000

square-foot Springfield facility since 1992. Kevin and Julie Boorse also own a 6,000 square-foot corporate fitness center, The Club at The Curtis Center, which is located in center city Philadelphia.

# Hospital Clubs & "For Profit" Clubs

**T**he leadership of IHRSA (International Health, Racquet and Sportsclubs Association) is in the process of developing its strategic plan for the future of the Association. An integral part of this future plan will be how the Association deals with the issue of the admission of Hospital Health Clubs into IHRSA in the future. Currently, there are basically two factions engaged in debate:

Faction I: Those IHRSA members who believe that the fu-

ture of the "for-profit" club industry must include a strong working relationship with hospital health clubs and leading clubs in America must make their best efforts to learn to work with hospitals in order to be part of the future. One leading club industry veteran predicts that by the year 2004, 75% of all health clubs in America will be affiliated with or controlled by hospitals. Some want to invite non-profit hospital clubs into IHRSA.

Faction II: Those

IHRSA members who believe that hospitals represent the greatest threat to "for-profit" clubs in the history of the industry. This group views all hospital clubs as "the enemy." And, they reject the idea that clubs, both "for profit" and "non-profit" hospital clubs should be allowed to be members of IHRSA.

In next month's CLUB INSIDER, we will examine this issue from both sides of the table. We will receive input from lead-

## Schmitt...

*continued from 6*

much pleasure in the gains they make as they do, and it hurts me to see someone go backwards."

If Schmitt has another sore spot, it's other health clubs that ensnare members with cheap come-ons and then offer few, if any, really effective weight - loss and exercise programs. "Some clubs sign up all kinds of members with cheap promotions that they really don't have the facilities for," he asserts. "Then the members get discouraged by the crowds and lines and give up on physical fitness. Those kinds of clubs don't want their members there. We want our members here so they will spread the word about us."

For their part, the members do just that. Dean Corbett says he first came to Milestone to help reduce the stress of running one of the metro area's top restaurant kitchens. Now he's a self-confessed three-hour-a-day addict. "Not only has the Milestone program gotten me in shape, but it has been a wonderful stress-reliever," he says. "My

family noticed the difference in me right away."

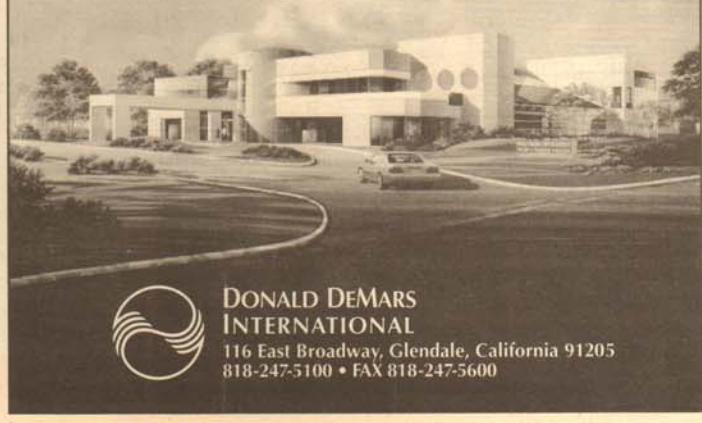
Then there's 85-year-old Dillman Rash, an investor in Milestone and a three-day-week regular. He says he bought into the center more as an investment in his own good health than as a way to make a lot of money: "I have no illusion that Paul has the next IBM on his hands, and besides, at my

age you don't even buy green bananas. My primary interest is in keeping my aging body in as good a shape as possible, and Paul has excellent knowledge of how to stay healthy and keep fit. I'm just enjoying every day of it."

*(Article reprinted courtesy of LOUISVILLE MAGAZINE  
- Author Walt Reichert)*

**"We Offer a Proven Formula: Integrity, Experience, and a Personal Commitment... To Be There For You...Every Step of the Way!"**

- Project Planning and Feasibility Studies
- Architecture and Interior Design Services
- Management and Operational Consulting



**DONALD DEMARS INTERNATIONAL**  
116 East Broadway, Glendale, California 91205  
818-247-5100 • FAX 818-247-5600

about the issue. It is important to realize that this issue is lurking over the horizon like a huge sun and depending upon your perspective, the sun may rise or set, based upon what is done and how it is done by the Association's leadership.

**AAC Success Track**  
SERVICE PROGRAMS

# MONTHLY BILLING

(BY COUPON BOOK)

# TWO BUCKS

Payment Coupon Payments  
Processed for Two Bucks  
...or LESS!

**CALL NOW!**  
**1-800-233-8483**

Gary Piper or Jerry Mercer

**Affiliated Acceptance Corporation**  
PROFESSIONAL RECEIVABLES MANAGEMENT

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

# Ten Newly Named Healthy American Fitness Leaders

NEIL SOL, of Sugar Land, Texas was honored as a Healthy American Fitness Leader(HAFL)at the 13th Annual HAFL banquet held in Rancho Mirage, California in September. Also honored were prominent club industry luminaries Ruth Stricker Dayton and Sheryl Marks Brown, as well as seven other individuals.

The Healthy American Fitness Leaders awards program is administered by The United States Junior Chamber of Commerce. The program is sponsored by Allstate Life Insurance Company and is conducted in cooperation with The President's Council on Physical Fitness and Sports. The purpose of the program is to promote fitness and health in America. The HAFL is presented annually to 10 individuals who have made significant contributions to fitness and health. Established in 1982, there are now 130 men and women who have been recipients of the award. Past HAFL honorees include President Ronald Reagan, former Apollo astronaut, James Lovell, Jr., "Father of Aerobics", Dr. Kenneth Cooper, fitness pioneer and guru, Jack LaLanne and John McCarthy, Executive Director of IHRSA, The International Health, Racquet and Sportsclubs Association.

Neil Sol, through his research, efforts in the hospital industry and vision to shape worksite health promotion programs, advanced health and fitness for all Americans. He was a national trend

setter in the development of Health Promotion Services, delivered by hospitals. He also designed a line of Nautilus equipment used by the medical industry in the rehabilitation of sports-related injuries and disabled Americans. In addition to an extensive background in the health provision sector, he has excelled in the for-profit club industry serving as the General Manager in the turn-around of the world-class Houstonian Club in Houston, Texas. Sol contributes to the industry as a speaker and author and is the President of Health Vantage, Inc., a Houston, Texas-based consulting and management firm..

The other honorees include:

\*RUTH STRICKER DAYTON of Wayzata, Minnesota. Stricker is a leader in the mind-body approach to wellness. In 1984, she established The Marsh, A Center for Balance and Fitness, in Minnetonka, Minnesota, based on her philosophy of mind-body programming. Her research, writings and presentations have inspired the fitness industry to integrate holistic health into its teachings.

\*SHERYL MARKS BROWN of Vista, California is a pioneer in the certification of fitness instructors and personal trainers. In 1985, she co-founded the not-for-profit organization now known as the American Council on Exercise (ACE), to create an unprecedented certifi-

cation program for fitness instructors. Brown has coordinated numerous national fitness programs, affecting millions.

\*DAVID L. GALLAHUE, of Bloomington, Indiana, has a career as a leader in the education of children and youth which spans 30 years - from public school physical educator to Professor of Kinesiology. His theoretical model for the motor development of infants, children, adolescents and adults has been implemented through children's physical activity programs worldwide.

\*LARRY R. GETTMAN, Ph. D., of Scottsdale, Arizona, has helped develop the American Heart Association's nationwide worksite health promotion program, HEART AT WORK, now implemented in all 50 states. He has pioneered health-risk appraisals such as "The Heart Test," "The Health Test," and "The Cancer Test," and interactive voice response health systems.

\*LILLIAN R. GREENE-CHAMBERLAIN, Ph.D., of Silver Spring, Maryland has been a leader in developing health education, physical fitness and sports programs nationally and internationally for more than 25 years. The first American woman to run the 400 and 800 meters long before they became Olympic events, she set national and world records in women's middle distance running events. She serves as a Mega-Cities director for Special Olympics International.

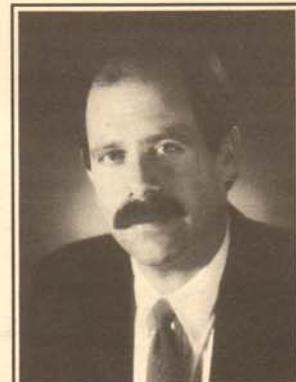
\*RONALD M. LAWRENCE,

M. D., of Malibu, California founded the American Medical Athletic Association in 1969, is a founding member of the International Association for the Study of Pain and the American Academy of Sports Physicians, and co-founded the American Running and Fitness Association. His pioneering work includes a key role in development of the target exercise heart rate formula.

\*TIMOTHY G. LOHMAN, Ph. D., of Tucson, Arizona, is an innovator in the field of youth fitness and body composition testing. Using formulas developed through Lohman's research, the skinfold test for body fat assessment estimates an individual's percentage of body fat. This method has been adopted by all health-related physical fitness tests in the nation.

\*ANTONIA C. NOVELLO, M. D., of Bethesda, Maryland, was the first female and Hispanic to earn the nation's highest public health medical appointment as 14th U.S. Surgeon General. She serves as UNICEF special representative for health and nutrition, providing leadership toward the global efforts to eliminate iodine and vitamin A deficiency disorders, immunizing the world's children, and preventing smoking and substance abuse in youth.

\*KATHRINE V. SWITZER, of Vienna, Virginia, has encouraged sports participation and created opportunities for women in each of her careers — as athlete, broadcaster, author and business-



**Neil Sol**

woman. Her courageous entry into the 1967 Boston Marathon opened the door to running for millions of American women. She has pioneered sponsorships for national and international women's running events.

\*On the morning of the HAFL presentations, the National Fitness Leaders Association, made up of past HAFL winners, presented "FITNESS FLING." The event allowed participants to sample some of the most popular fitness activities of the 90's presented by the nation's foremost health and fitness experts. A fitness class by Jazzercise, in-line skating with Rollerblade, Inc. and a demonstration of the AquaCiser by the U.S. Water Fitness Association, are some of the activities which were experienced.

(The CLUB INSIDER thanks the U.S. Junior Chamber of Commerce for providing this report)



## THE HEALTHY AMERICAN FITNESS LEADERS® FOR 1994



Sheryl Marks Brown



Ruth A. Stricker Dayton



David L. Gallahue



Larry R. Gettman, Ph.D.



Lillian R. Greene-Chamberlain, Ph.D.



Ronald M. Lawrence, M.D.



Timothy G. Lohman, Ph.D.



Antonia C. Novello, M.D.



Neil Sol, Ph.D.



Kathrine V. Switzer

# Bally's Ace Certification Underway

By Norm Cates, Jr.

**M**ike Lucci, the new CEO of the Bally Health Club chain, has told the world that he is going to change Bally's clubs into more service/customer oriented clubs than they have been in the past. One step in his 10 step formula outlined in CLUB BUSINESS INTERNATIONAL (CBI) Magazine's September, 1994 issue, (published by IHRSA), was to accredit all of Bally's fitness instructors through ACE - The American Council on Exercise. ACE is a San Diego based not-for-profit organization, which is committed to enriching quality of life through safe and effective activity.

Originally established in 1985, ACE has since emerged as a significant force in the field of physical fitness, growing from a one person operation to a full-service entity with a staff of 34. Now the largest not-for-profit fitness certification organization in the world, ACE has certified over 46,000 instructors in 60 countries. Certification exams are standardized, broad-based tests of the knowledge necessary to instruct group exercise(aerobics) or one-on-one (personal training). Under the able

guidance of Executive Director - Sheryl Marks Brown, ACE operates under a Board of Directors and committees of experts in the health and fitness industry. Corporate funding and individual contributions help provide programs and services — such as educational programs, scholarships and information hotlines — to fitness instructors and the general public.

The Bally Health Clubs have made application for accreditation of their instructor training program by ACE, which is the 1st step in the process, according to ACE Vice President of Marketing Development, Russ Russell. The objective is to accredit key Bally instructor trainers through ACE and those key Bally people will then be qualified to prepare all other Bally fitness instructors to take the ACE certification exams.

Don Weller is the Senior Administrative Director of Services for the Bally clubs. Weller holds a Ph.D. in exercise physiology and prior to joining Bally, worked for 16 years in a wellness center environment. Weller, when contacted at the Towson, Maryland offices of Bally, indicated that he was preparing to go to Indianapolis, Indiana for the purposes of an intense one-week ACE training session for 80 of Bally's top physiologists. From that be-

ginning, Weller says that the plan is to establish 22 regional ACE accredited training locations so that those top Bally trainers may train all of the other Bally instructors. Weller emphasized several key points about the plan:

(1) OPEN TO THE PUBLIC - Once the regional training centers are operating, Bally plans to not only train their instructors, they plan to open the ACE accredited training process to the PUBLIC.

(2) COMPENSATION TIED TO CERTIFICATION and RESULTS - Weller indicates that Bally employee's compensation plans will be tied to their completion of the certification process and to the ongoing process of seeing that all new members are properly trained within the first 30 to 90 days of their membership, a timeframe that Weller says has been identified by Bally executives as "crucial" to the overall membership relationship.

(3) 1996 GOAL - By 1996, according to Weller, the goal is that no one will be hired to work in the aerobics and service staff for Bally who has not first been certified through ACE. Ultimately, the goal is to ACE certify all of the Bally employees who work in the aerobics and service areas. There are approxi-

mately 18,000 Bally Health Club employees.

The steps outlined by Russell and Weller show real evidence that the Bally leadership is taking measures to improve their employee's level of knowledge and skill in the area of teaching the value and methods of exercise. This component should be an integral part of their plan for improvement of the organization.

Not part of the ACE plan and out of the hands of those who will be ACE certified at Bally will be the effort to change and improve the methods by which the Bally Clubs market and sell their memberships to the public. It is this area of the Bally operation that has drawn the most negative attention from the courts, consumer affairs offices and the press.

Harold Morgan was an employee in upper level management at the Hyatt Hotel Corporation for 13 years before joining Bally three years ago. Morgan now serves as Vice President of Human Resources for Bally. Morgan, working with CEO Mike Lucci and former McDonald's executive, Sandy Silver, now Vice President of Marketing, envisions a totally different and new Bally's from the perspective of marketing,

sales and service. They are determined to successfully implement these landmark changes and they have commissioned the development of a significant, new \$700,000 sales training program which they are preparing to roll out. Pursuant to conversations with Ms. Linda Scionti of the Public Relations firm of Austin and Armani (see INSIDER SPEAKS page 2) and with Harold Morgan,

I have been provided with two training manuals and a video tape from the new Bally's training program for examination. In next month's CLUB INSIDER, I will report to you my impressions of this new sales training program after I have had time to study it, so stay tuned to The CLUB INSIDER News!

In closing, I want to quote John McCarthy, Executive Director of IHRSA, from his letter to me dated October 28, 1994 (see INSIDER SPEAKS page 2).

John states:

"Like you, my sense is that Mike Lucci is doing everything he can to turn Bally around, both financially and culturally. Also, like you, it is our hope that he succeeds. Their failure on either count - financial or cultural - is not in the best interest of the industry or of IHRSA clubs."

## ...Living Well

*continued from cover*

tionwide and they were going to give the entire industry a black eye. History shows that Alan Schwartz pretty much summed it up.

While defending the LivingWell strategy of grossly overselling memberships in the typical 5,000 to 6,000 square foot LivingWell facility, Ron Hemelgarn

shocked the Club Industry crowd when he made a statement which exposed his insensitive attitude. He told the group: "A fat girl turns 18 everyday!" The premise that he was defending with this statement was that LivingWell could sell thousands and thousands of memberships to the small storefront clubs without fear of overcrowding because those who join usually quit coming to the clubs after a few visits and the market was continuously producing new membership prospects.

(i.e. the 18 year old "fat girl" comment.) It is that mentality that I have, for years, called the "Spa Mentality" which has contributed to the reputation of the club industry that we all must cope with. It is a mentality that organizations such as IHRSA, regional club groups and now, the Bally Health Clubs are seeking to rid themselves. Alan Schwartz fingered the problem then and the problem still exists in the club industry today, even though it has waned substantially as organizations

such as IHRSA and the regional club groups have helped instill a new attitude and culture in the industry.

The lawsuit is being tried before a jury in the United States District Court, Southern District of Texas in Houston. It is such a complicated case that the U.S. District Court Judge Hoyt elected to split it into two phases. Phase I was set to hear the issue of insolvency.

In Phase I in late summer of 1994, the jury found that

LWI was insolvent from December 31, 1986 to October 27, 1989. The lawsuit seeks damages of over \$100,000,000 from the Defendants.

It is not clear when Phase II of the case will be heard by the Texas jury. What is clear, is that Fatjo and Hemelgarn and the other former Living Well officers and directors all face substantial damage claims. It will be interesting to see how Phase II of the case turns out, so stay tuned to The CLUB INSIDER News for followup reports.

## ...Conscience

*continued from cover*

in my October issue, I have suggested that Goldberg could best serve his company and the club industry at large, if he were to "spin off" all of his Bally clubs by selling out to the top IHRSA club operators in each market. Coming in this month is a report for my readers about Bally's Health Club's effort to ACE accredit all of its fitness trainers and about their new \$700,000 sales training program which is in the process of being

launched. I am happy now to inform my readers that I am now on "speaking terms" with some of the upper level officials at Bally's and frankly, I want all of you to know that. I intend to make my best efforts to keep you all in touch with what is going on with Bally's because I believe that the changes and improvements that they are currently engaged in pursuing could help improve the industry for all club operators if they are successful. However, I want to be candid in saying that I believe they have a huge challenge to do so.

None of my reporting in-

volves my desire or any plan to be "the conscience of the health club industry!" Instead, it involves my willingness to speak out on issues with no uncertain terms. I firmly believe that the club industry needs this service or I would not be devoting the continuation of my club business career to it. But, just because I am doing something that NOBODY in the industry is willing to do..... does that mean that I perceive myself as "the conscience of the club industry?" I don't think so.

So, let me be clear..... my mission is to help my readers. I want to help them by keeping

them informed about important matters, by providing them with articles and information that they can use to improve their operational profitability and by taking a stand when necessary, to cause things to happen. When I sink my teeth into a club industry cause, there is no one on the planet who is going to stop me from doing what I believe is right. It is just as simple as that.

And, as to Mike Chaet's suggestion to me that I should share my newspaper writing chores with more authors..... I whole heartedly agree..... and I am waiting to hear from any of

you who would like to write articles on issues and subjects which are important to the club industry. Don't be afraid to express your feelings..... you CAN make a difference. Think about the issues which may influence your own DESTINY and TAKE A STAND..... don't let fear cause you NOT to make a difference!

And, if you are knowledgeable on a particular area of club operations, SHARE your experience and expertise. You will not hurt yourself by doing so, because you will be helping to further the professionalism of an industry, which is still in its infancy.

# New Brochure On Improvement Of Children Exercising

**BOSTON, MA.** - Children engaged in daily physical education show superior academic performance and have a more positive attitude toward school, according to "Smarter, Healthier, Happier: The Benefits of Exercise for Children," which has just been published by the International Health, Racquet and Sportsclub Association (formerly IRSA, The Association of Quality Clubs).

Sponsored by Cross Conditioning Systems, the colorful, 12-page booklet provides a comprehensive compendium of the latest and most authoritative research on the relationship between exercise and health for children. The book quotes more than three dozen physicians and other experts — including U.S. Surgeon General Joycelyn Elders, M.D. — and contains an introduction from Florence Griffith Joyner and Tom McMillen, Co-Chairs of the President's Council on Physical Fitness and Sports.

Most significantly, the publication points out, "children of parents who exercise regularly are far more likely to exercise later in life, and score higher on measures of health-related fitness than children of parents who are inactive."

Aimed at parents, educators and physicians, the booklet is designed to help clubs which are trying to interest local schools in adopt-a-school programs, as well as to give to members and prospective members who have children. Clubs might also give a supply to local pediatricians and physicians.

Among some of the more compelling abstracts in the brochure are:

- "Girls who participate in sports are 92% less likely to get involved in drugs, 80% less likely to have an unwanted pregnancy, and three times more likely to graduate from high school," says M. Joycelyn Elders, M. D., U. S. Surgeon General, in a speech to the Women's Sports Foundation.

- "Children engaged in daily physical education show superior motor fitness, academic performance and attitude toward school as compared to their counterparts who do not participate in daily physical education," - J. L. Pollatschek, M. D., F. J. O'Hagen, M. D., Health - Education - Research.

- "Physical activity is essential in promoting normal growth of mental function," D. R. Kirkendall, M. D., Effects of physical activity on children.

- "Physical activity is a critical component in the development of long-term personal virtues, attitudes and social qualities including cooperation, honesty, selflessness, persistence, resourcefulness, self-reliance and commitment," G. H. Sage, M. D. Effects of physical activity on children.

Persons wishing to receive a free copy of the brochure should send a stamped, self addressed envelope to Children & Exercise, IHRSA, 263 Summer Street, Boston, Ma. 02210.

IHRSA is a not-for-profit trade association representing 2400 health, racquet and sports clubs in 45 countries.

The association's mission is to enhance the profitability and professionalism of its member clubs.

Cross Conditioning Systems, Ltd., specializes in the design, manufacture and marketing of innovative products that solve the problems of achieving time-efficient,

full-body exercise without a painstaking learning curve. The company's debut product, the XL 100 Cross Conditioner, combines the proven benefits of cross-country skiing with the pleasures of walking into an effective, easy-to-use, total body conditioning machine.

**Jacobs Ladder**  
Total Body Exercise

The Peak Conditioning System!  
We've Combined ...

An Improved Climbing Position ...

Without Forgetting The Upper Body

A Reliable Treadmill System ...

Call (800) 626-1573

## EXECUTIVE INSIGHT®:

### A Powerful Management Tool to Improve Performance

...specially tailored for the Health & Sports Club Business

Executive Insight® is a total system for analyzing and understanding your business. This guided process of discovery, decisions, and action planning is designed to help the organization achieve managerial consensus on prioritized key issues facing the business.

It has been used extensively in the health club industry and in a broad range of other industries.

For more information on how Executive Insight® might benefit your business, call:

**FAUST**  
Management Corporation

10085 Carroll Canyon Road • Suite 210  
San Diego • California • 92131  
(619) 536-7970

# Jay Kramer Wins 2nd Coach Of The Year Award

Jay Kramer, owner of the Oak Brook Racquet and Fitness Club in Westmont, Illinois, was awarded the United States Professional Tennis Association's National High School Coach of the Year Award during their National Convention held September 17-25 at the La Quinta Resort in California.

In 1987, Jay also earned the National High School Tennis Coach

of the Year Award from his peers, the National High School Athletic Coaches Association.

Jay, a nationally ranked United States Tennis Association senior player, is a founder and President of the Illinois High School Tennis Coaches Association.

He coached the Hinsdale Central High School boys' tennis team for 35 years, winning 13 State championships.

In the USPTA National Cham-

pionships, played at the National Convention in La Quinta, Jay reached the semi-finals in singles and the quarter finals in doubles for his 55-and-over age group, competing against tennis-teaching professionals from around the country in the \$30,000 tournament presented by Wilson Racquet Sports.

Congratulations from The CLUB INSIDER to Jay Kramer!



*Jay Kramer*

## Kids Are Staff Too!

By Marie O'Flaherty

Gold's Gym and Athletic Club, formerly the Amarillo Athletic Club in Amarillo, Texas is co-managed by Marie and Patrick O'Flaherty. We developed a creative solution to some problems we were having with children. Children who were too old for the nursery and too young for the exercise equipment areas would come with their parents to the club to "hangout" while their parents exercised. Of course, we would regularly chase kids out of the off-limits areas. The club was very busy. Our front desk staff was having a hard time keeping up with folding towels, our fitness instructors were experiencing trouble in getting away to clean up the locker-rooms, a variety of miscellaneous tasks were not getting tended to and money wasn't in the budget for additional staff. What to do? We have kids here who were bored, we have no special room for them, especially during prime time. We decided to put them to work and create a win-win situation for kids, parents, staff and club members. Kids will feel real good about coming to the club, their self-esteem will be increased and their work ethic can begin to evolve. We developed The Junior Responsibility Program.

### THE JUNIOR RESPONSIBILITY PROGRAM

The Junior Responsibility Program includes an orientation/training meeting for all of those interested and of eligible age. Parents accompany the kids to the meeting. Expectations are communicated, kids receive a training manual which outlines job duties, checklists and their compensation plan. Kids are compensated with "O'Flaherty Bucks" with which they can purchase various items and trade gift certificates. The big-high-dollar prize is a pool party for the child and their friends. Quarterly, all participants in the program attend an appreciation pizza/pool party. This program has been successful and well-received. For additional information, contact Marie O'Flaherty at (806) 359-5438.

(Editor's Note: My thanks to Marie O'Flaherty for this great report! In 1977, we did basically the same thing with some of the kids in our Courtsouth Racquetball Clubs. However, we traded racquetball court time for work hours. One of our kids gave up work to concentrate on his racquetball game and ended up becoming the #1 Professional Racquetball player in the world a few years ago. His name: Mike Ray.)



**EFT**  
Electronic Funds Transfer  
(CHECKING—SAVINGS)

**25¢**

(Per Payment Processed)

**PLUS**  
Payment Book and Credit  
Card Processing

**CALL NOW!**  
**1-800-233-8483**

Gary Piper or Jerry Mercer

**Affiliated Acceptance Corporation**  
PROFESSIONAL RECEIVABLES MANAGEMENT

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

# WCA Announces Fitness Plus

**MEMPHIS, TENNESSEE** — Whittington Club Associates (WCA), a Houston - based athletic club management, turnaround, development and financing specialist company, announced the opening of Fitness Plus for the State Farm Insurance Companies.

The 380-acre State Farm Nonconnah development includes the World Headquarters of Federal Express Corporation, the regional offices of Nationwide Insurance and some 120 other

corporate tenants with a total of 5,000 employees. Fitness Plus provides tennis, aerobics, cardiovascular and selectorized weight programs, plus a 3-hole pitch-and-putt golf course, to the Nonconnah tenants and others in the area.

According to WCA's President, Rick Whittington, "Fitness Plus at Nonconnah is a slight departure from WCA's usual hands-on management and turnaround assignments. However, the WCA principals have done other suc-

cessful club start-ups, and the opportunity to work with the State Farm Insurance Companies, one of the premier corporate landlords in North America, is attrac-

tive. The upscale nature of the Fitness Plus club also qualifies this as a WCA Ensign Club for this type and size of facility. Other corporate developers are eyeing

this added-value WCA amenity formula."

(WCA was founded by Rick Whittington, a veteran club operator and can be reached at (713) 552-1611.)

## IHRSA NEWS

**B**OARD MEMBERS PROPOSED - The following club industry veterans were nominated by The IHRSA Board of Directors for approval by the membership at the upcoming San Francisco IHRSA Convention. Good luck to these gentlemen as they prepare to step into a very important role:

Bob Chaiken  
President- GM  
Flagship Athletic Club  
Eden Prairie, Minnesota

Gary Klencheski  
President- Fitcorp  
Boston, Massachusetts

Ben Emdin  
President -  
East Hills Athletic Club  
Grand Rapids, Michigan  
**ORLANDO MARKETING AND SALES CONFERENCE** to feature 2nd OPEN FORUM - Following up on the Open Forum Meeting held in Reno, Nevada, IHRSA will conduct an OPEN FORUM at the 9th Annual Conference on Friday, December 2nd at 5:30 p.m. at the Convention Center Room 12-A.

A primary focus of the meeting will be for the Board of Directors to review the Strategic Planning for IHRSA with the membership and to obtain feedback about three options for the future that are being considered.

This meeting will be very important in terms of the planning for the future of the Association and all IHRSA Members should make plans to attend. The objective of the new OPEN FORUM MEETINGS is to give the IHRSA Members more voice in the future of the Association. JOHN McCARTHY and RICK DEVEREUX recently met with the Executive Directors of the Regional Associations to discuss ways in which the regionals and IHRSA can cooperate and work together. The Executive Directors of the various regions which were represented have indicated to me that the meeting was fruitful in terms of new ideas about how IHRSA can work hand-in-hand with the regionals.

Industry Show in Chicago and he tells me he has added six clubs to his network in the last year and that he now owns and operates 26 clubs. I asked him how he deals with that many locations and he said: "I've got 700 really great people working for me." Also, "Patch" reported that his 1st Annual BodyLife Convention held in September went really well. "Patch" is now publishing the BODYLIFE MAGAZINE in Canada.

**JOHN WILDMAN** of the Fitness Institute in Toronto, Canada tells me that he is developing some special programs to help fight Breast Cancer and he is using some of the information in last month's CLUB INSIDER to do so. John promised to share the programs with us when they are in place..... so STAY TUNED.

**WEIDER PUBLICATIONS** is releasing two newstand specials to respond to the fact that by the year 2002, the majority of Americans will be over 50 for the first time in U.S. history. They are coming out with LIVING FIT, a magazine designed for women over 40, and PRIME FITNESS & HEALTH, geared towards men over 35. The specials will be on sale beginning February 28, 1995.



## CASH FOR CONTRACTS

- ✓ No Credit Checks
- ✓ No Turn-downs
- ✓ No Term Limits

## AAC Quick Cash®

CASH ADVANCE OPTION

CALL NOW!

**1-800-233-8483**

Gary Piper or Jerry Mercer

**Affiliated Acceptance Corporation**  
PROFESSIONAL RECEIVABLES MANAGEMENT

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

### Norms Notes

*continued from page 3*

cial planning field. You might remember Mike as "Captain Krunch"..... one of the great players on the Miami Dolphins team which went 17-0. I want to wish the best of luck to one the club industry's best people as he moves on to new territory!

**ROBERT D. MARSHALL, JR.**, was the owner of The Canon Tennis Club in Fairfax, California. JUDITH NEELEY served as Robert's General Manager for years. Robert passed away recently and in his Last Will and Testament he left the Canon Tennis Club to Judith! God Bless and Rest Robert's Soul and Condolences and Congratulations to Judith.

**DR. ANN HAWKINS** was employed by Life Fitness for a while and now has left to take a position with Fitness Warehouse which is probably the biggest retailer of home fitness equipment in the Chicago area. Good luck Ann in your new venture!

**MIKE TALLA** has taken his company public, selling 4.65 million shares at \$9 in its initial offering. Talla's company, Sports Club Company, Inc. is the premier operator of clubs in Southern California with the Sports Clubs LA and IRVINE, the Sports Club Spectrum and Sports Connection Clubs. The funds raised from the stock sale will be used to buy out partners in the Sports Clubs LA and IRVINE. Also, best of luck to Mike as he opens the new 140,000 square-foot Reebok Gymnasium/Sports Club Manhattan in New York City..... people who have seen it, say it is quite a place!

**RAY WILSON**, one of the Founders of European Health Spas, was rumored to be selling his Family Fitness Centers. But, I contacted Ray's real estate guy, Larry Lansom of the Lansom Consulting Group, Inc. and he says nothing is happening right now on that situation. Additionally, Family Fitness Centers is said to be planning to install 8 new clubs in the already crowded Denver, Colorado market.

I spoke with **DAVID PATCHEL-EVANS** at the Club

# Attention Advertisers!

**When planning Your 1995 Advertising  
Budget - Don't Forget To Include:**

Norm Cates'

**Club Insider**<sup>®</sup>  
NEWS

**CALL (800) 700-2120 TODAY FOR RATES  
AND ADDITIONAL INFORMATION**

**or WRITE TO:**

**CLUB INSIDER NEWS**  
**P.O. Box 671443**  
**Marietta, GA 30067-0025**

**or FAX:**

**(404) 933-9698**

# SOUTHEAST REGIONAL PLANNED

The Southeast lacks a regional club association such as NERSA, MACMA, WACOR NACA. Norm Cates, announced today that he is leading the way in an effort to establish such a regional group.

There will be a Social Hour at the Orlando IHRSA/ATHLETIC Business Trade Show to discuss the idea and to introduce the players from the various states. If you are a club owner or manager in the Southeast, who is attending IHRSA Orlando, we hope you will plan to attend.

## SOCIAL HOUR

Who: Club Owners And Operators

What: "Get To Know You Meeting"

When: 3 P.M. - Friday, December 2, 1994

Where: Room 13-C

Orange County Convention Center  
(Just Outside Trade Show)

How: Just walk the show until 3 P.M. then drop on by and meet some new friends from some other clubs in the Southeastern United States.

To  
SUBSCRIBE  
To

THE CLUB INSIDER

CALL

1-800-700-2120

# REGIONAL FOCUS

**W**hy should a club owner join a Regional Club Association? The answer is simple: to help the club compete in the marketplace in which it is located. How do club associations help clubs compete? By providing opportunities which will improve their knowledge, expertise and professionalism in all aspects of operating clubs for profit. These learning opportunities come in the form of conventions and trade shows, newsletters, group purchasing, health alliances and maybe, as importantly, local legislative and lobbying efforts. The bottom line is that your competitors are probably engaged in efforts to get better and if you want to stay competitive with them, membership in a regional club association will help you in that effort.

**M**ACMA- The Mid Atlantic Club Management Association - Brent Arnold Executive Director.

On November 10, 1994, MACMA will host a Conference at the Tyson Health and Fitness Club (formerly the Sporting Club) in Tyson Corners, Virginia. The Conference is entitled: Opportunities of the Health and Fitness Club Industry Through the Year 2000. The Conference will be held from 9:30 a.m. to 3:00 p.m. and will feature the following speakers:

•John McCarthy- Executive Director of IHRSA

•Bob Larsen- Director of the Institute for Quality Health at the University of Virginia.

•Robert Karch- CEO-PKI International

•Dave Cheneoweth- Health Management Association

•York Onnen - Director of Program Development - President's Council on Physical Fitness & Sports. To join MACMA, contact Brent Arnold at (703)264-5049.

**N**ERSA- The New England Association of Quality Clubs - Jan Woodman, Executive Director.

The Association now has 240 member clubs in the six Northeastern States. Coming on

May 23rd will be one of their conferences which will have a keynote speaker and a special seminar program presented by their Associate members. Jan relates that many of their Associate members are "the experts in the industry" and that they had great success with this format last year. Jan also shared a great success story about Ms. Laurel Kluge who had been hired on a part-time basis to market and sell Associate memberships for NERSA. She DOUBLED the number of Associate members with the total now being 101! This success will without a doubt help the club owners of NERSA because they will have the opportunity to come in closer contact and learn more from the Associate membership. To join NERSA, call Jan Woodman at (800)228-4772.

**W**AC- Western Athletic Clubs- Pat Pine, Executive Director. Pat Pine provides a great report of his region's news this month:

•Misty Chadwick of the Green Valley Athletic Club, outside of Las Vegas, has been appointed as the WAC Regional State Representative for Nevada. Congratulations Misty!

•Bally is building two new clubs in Denver.

•Family Fitness Centers is planning 8 new clubs in Denver.

•JCC of Denver is planning an \$8 million expansion that will include the largest strength & cardiovascular area in the state of Colorado.

•The WAC winter retreat is set for December 7,8 & 9 in Copper Mountain, Colorado.

•WAC has hired 3-part time staff members to work on sales and marketing for the 9 states.

•WAC has introduced a unique insurance package for its member clubs. The WAC-PAC is an all inclusive insurance program that will save clubs money on all of their insurance needs.

•WAC kicked off the WAC Corporate Fitness Program on October 1st with 5 Colorado companies with a total of over 80,000 employees slated to use 18 WAC clubs for their fitness facili-

ties.

•WAC is moving its Summer Conference in 1994 to Copper Mountain.

•The International Athletic Club was founded by Tim Schlebe in 1980 with 24 racquetball courts. In the last two years, they have changed their name to International Wellness Center and converted 16 racquetball courts to strength training and cardiovascular areas. To join WAC, call Pat Pine at (303) 399-7687.

**N**ACA - Northwest Athletic Club Association - Executive Director - Irma Campbell/ Cook. The current President of NACA is Debbie Eisenzimmer.

## NACA 1994 AWARD WINNERS

**NACA-STAR TRAC**  
Award Winner for Salesperson of the Year - Julie Robinson, Griffith Park A.C.

**NACA-Universal Gym**  
- Distinguished Service Award - Eric Reid Byrne- Cascade Athletic Club.

**NACA-Cybex - Fitness**  
Director of the Year - Julie Williams - Harbor Square Athletic Club

Three NACA Clubs are expanding: Riverside Health Club, Mt. Vernon, Washington; Timberhill Athletic Club, Corvallis, Oregon; Superior Athletic Club, Medford, Oregon

The Courthouse Athletic Club in Salem, Oregon whose General Manager is Dean Wallace, won the Viacom Cable First Place Award in the Creative Commercial Production-Single Commercial category at the Cable Advertising Awards Banquet in Chicago, Illinois in July. This was a prestigious award for excellence in creative local commercial production. The Courthouse's commercial was among thousands of entries submitted nationwide! Congratulations to Dean Wallace and John Miller for the award! To join NACA, call Irma Campbell/ Cook at (503) 297-4947.



# ATTENTION

## BUSY EXECUTIVES

**WOULD YOU LIKE TO HAVE A PASSIVE INCOME UP TO 6 FIGURES WITHOUT INVESTING \$100,000 OR MORE?**

**CALL 1-800-990-1966**

## IHRSA - ATHLETIC BUSINESS TRADE SHOW

The 9th Annual Marketing and Sales Conference held by IHRSA will be in Orlando, Florida on November 30 thru December 3rd. Also in conjunction with the show, the 3rd Annual IHRSA/ATHLETIC BUSINESS Trade Show will be held. Here are some of the booths that you want to be sure to stop by and visit.

**AFFILIATED ACCEPTANCE CORPORATION - Booth #: 104**

**CHECKFREE/RCM - Booth #: 1030 and 1032**

**CARDIO THEATER - Booth #: 1106, 1108 & 119**

**BE THERE!!**

**DONALD DeMARS INTERNATIONAL - Booth #: 475**

**APHELION SOFTWARE - Booth #: 613**

**CROSS CONDITIONING SYSTEMS - Booth #: 609**

## Norm Cates' **THE Club Insider** NEWS

Subscription Form

Name (s): \_\_\_\_\_

Club Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

\$99 for 1 Year for 1st Person

\$49 for 1 Year for Additional Subscription

\$ Check Enclosed

Authorization Signature: \_\_\_\_\_

P. O. Box 671443, Marietta, GA 30067-0025 or Fax: 404-933-9698

OR Call Toll Free Hotline 1-800-700-2120

## Norm Cates' **THE Club Insider** NEWS

## ADVERTISING SPACE NOW AVAILABLE!

The **CLUB INSIDER** News is providing advertising space effective immediately.

*Now, you can deliver your message to the decision makers of the club industry, the owners, general managers and department heads of clubs, gyms and fitness centers nationwide. Advertising rates will be priced very aggressively with the price structure set to be competitive with all industry publications in existence today.*

Special Introductory monthly advertising plans are available to early purchasers.  
Call (800) 700-2120 for information and to reserve space  
for future editions of The **CLUB INSIDER** News!

# Precor Files Lawsuit Against Life Fitness

Life Fitness and Precor have been hammering each other back and forth with

press releases about the patents on the decks of their treadmills. The public relationship efforts have now

taken a new turn with Precor, on October 24th, filing a lawsuit in a Seattle, Washington court against

Life Fitness for violating Precor patents on the Life Fitness 3500 and 4500 treadmills as well as making the following three unfair competition claims:

- A claim that Precor does not have a patent on their deck system.

- A claim that Life Fitness has issued patents on their deck.

- A claim that all cushioned treadmill decks are in violation of the Life Fitness patents.

In last month's CLUB INSIDER, we published a report drafted from the press release from Life Fitness which, in fact, made the assertions that Life Fitness had applied for its Patents on its "Flex-Deck" in June, 1989 and began mar-

## Readex Survey Cross Tabulation

Last month in Norm's Notes, I asked the following question in regard to a survey that FITNESS MANAGEMENT MAGAZINE had published: "I wonder what a survey conducted independently from the industry at large,

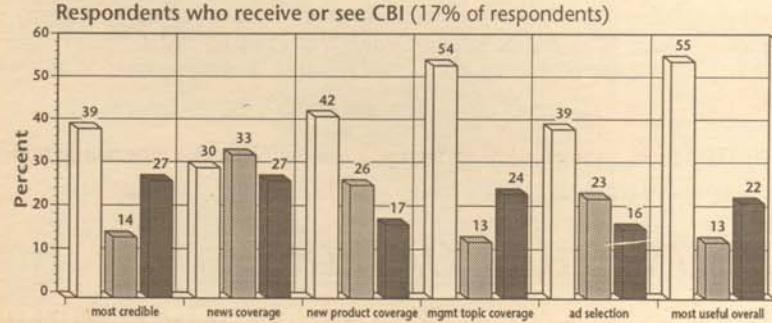
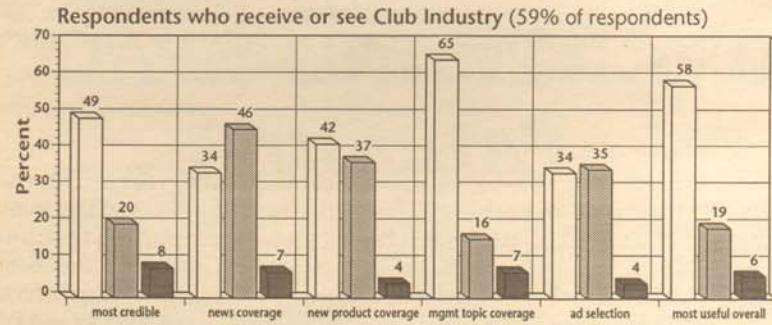
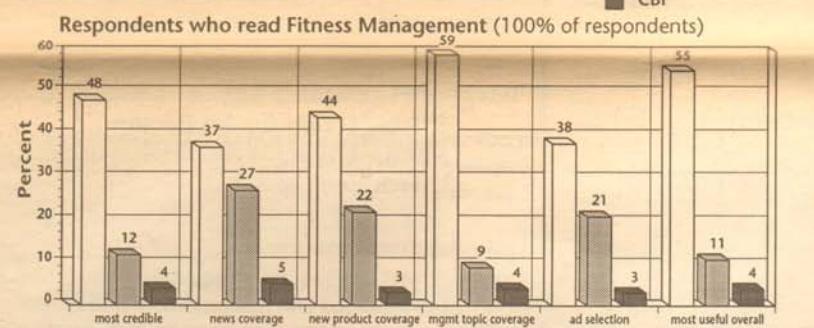
instead of from their (Fitness Management's) own list, would have said?"

David Levy, the Co-Publisher of FITNESS MANAGEMENT MAGAZINE was kind to send me a copy of the graph which is shown below and

I want to share it with The CLUB INSIDER readers. He indicated that he had asked Readex to cross tabulate the opinions of respondents who also receive CLUB INDUSTRY and CBI Magazines. This chart is a result of that cross-tabulation.

Cross tabulations of Readex Inc. 1994 Preference Study for Fitness Management Magazine

### Publication Preferences:



MAKE  
IT  
FUN!

**HOW TO ADD PROFITS WITHOUT INCREASING OVERHEAD!!****The NUTREX Company Launches The ACE Program**

On December 1, 1994, The NUTREX Company is expanding its NUTREX program to further meet the needs of its clients. The ACE Program, which will be an industry first, has been specifically designed by specialists in the health club industry. It is being launched at a time when health care issues are a priority for Americans. Clubs that have had difficulty in the past with other programs should find NUTREX a perfect fit for their club today.

In the past, health club managers have been unsuccessful as a whole penetrating the \$33 billion a year weight loss industry. There have been many different programs introduced, but none of them have been specifically designed with all the needs of the club in mind. It is also very evident that for a club to compete in todays market, weight management and nutrition is a must. 61% of all members (independent IHRSA survey) drop out during the first 6 weeks. Those new members are discouraged due to their lack of results. Exercising without a proper nutrition program does not solve their problem.

***The NUTREX Company***

NUTREX is now being sold in over 100 clubs across the United States. NUTREX has had an enormous success rate for the members who have joined the NUTREX Plan. The NUTREX Plan is one of the best plans available to club members today. It was developed by professionals, primarily registered and licensed dieticians who are members of The AMERICAN DIETETIC ASSOCIATION. It follows the guidelines of The AMERICAN HEART ASSOCIATION and is based on the food exchange system designed by The AMERICAN DIETETIC ASSOCIATION and The AMERICAN DIABETES ASSOCIATION and follows the guidelines developed by the AMERICAN COLLEGE OF SPORTS MEDICINE. A unique feature of the plan is that it is customized, based on comprehensive and individual requirements. The clients choose from over 50 real food recipes created by a Master Chef. Best of all for the club, it is quick and easy to enroll a member and NUTREX provides long term results.

***The COMPANY***

NUTREX is a division of The STEP Company. Worldwide Headquarters are located in Atlanta, Georgia. The STEP Company revolutionized the aerobics industry by introducing the STEP platform in 1989. They were voted among the "TOP 10 UP and COMING" companies in 1993 by SPORTING GOODS DEALER Magazine. Currently the STEP Company markets fitness products to over 18,000 health clubs in over 44 countries. Their dedication remains very strong to developing high quality programs for today's health and fitness market.

***The WEIGHT LOSS INDUSTRY***

The weight loss industry, currently a \$33 billion a year business, is destined to boom. Health care costs, currently approaching the trillion dollar a year range, makes us all aware of the growing concern of health care by individuals and corporations. The annual cost of health care for the average family is estimated to reach \$20,000 by the year 2000. Fifty million Americans are dieting at any given time. The greatest concern among Americans today is health care costs and weight loss. A weight management program is essential for today's clubs.

***The ACE Program***

The NUTREX - ACE Program expands its already successful customized eating plan into the future by combining it with antioxidants, and a new education plan which consists of audios and videos to help educate the consumer. The program is exclusively designed for clubs and offers an easy, profitable solution to tapping into the huge weight loss and health care industry. It also presents itself as an excellent opportunity for the club to market itself as a club which can offer these services with a proven program. The ACE Program contains a customized 8 week plan, an 8 week supply of the "ANTIOXIDANT PLUS" product and 6 audio tapes with topics on nutrition and exercise.

***"The ANTIOXIDANT Plus"***

The ANTIOXIDANT Plus is a unique blend of antioxidants, chelated minerals, chromium picolinate and L-Carnitine. The products, which were recently introduced, are the highest quality products available at a very competitive price. NUTREX also has two other products available, "The ANTIOXIDANT" and "NUSHAPE". With recent articles and medical research reports on antioxidants being recommended by physicians and dieticians, NUTREX believes this is a market that clubs need to enter with a unique product of its own. According to Dr. Cooper (President and Founder of the Cooper Aerobic Center in Dallas, Texas) there is enough research to recommend that exercising and non-exercising individuals should take supplements of Beta-Carotene, Vitamin E, and Vitamin C. (Source: "Antioxidants and Exercise: Do They Affect Recovery and Performance?" Scan's Pulse, Summer, 1994, Vol.13, No.3) With individuals such as Dr. Cooper recommending antioxidants, along with many other publications and news articles, every member of your club will be taking them. Who will be selling them? Why not your club?

***Add the NUTREX Program To Your Club Today!***

The NUTREX Company can be reached toll free at 1-(800) 333-1123 for information on how you can establish this program in your club today. NUTREX offers complete training with the start-up kits.

***LIMITED TIME DISCOUNT OFFER***

Sign up in December and receive an ACE Program at no charge (\$199 retail value). Call Kent Smith at NUTREX today! 1-(800)333-1123.

# How To Contend With Non-Profit Competition

By Terry Duschinski

**D**o you know what livid feels like -- that overwhelming mixture of disgust, frustration and anger? If you are subjected to competition from non-profit organizations, get used to feeling enraged.

Commercial-grade exercise facilities are readily available these days at hospitals, universities, government agencies and YMCA's. Unlike your business (probably), none of these organizations pay Federal income tax, real estate property tax, sales tax -- or any tax.

The International Health, Racquet and Sportsclub Association (IHRSA) provides an indispensable guidebook for dealing with this situation. It is entitled: "FIGHT BACK". While each situation presents its own unique characteristics, let me explain some typical factors when tax-free competition encroaches upon your market.

Non-profit status is available to every business. A competent accountant or business advisor can better explain the pros and cons of switching to tax-free standing (what the Internal Revenue Service

knows as a 501 (c) corporation.) The major difference will be relinquishing private ownership and the right to profit or any distribution to stockholders from selling your business.

However, you might not have much of a business to sell if you encounter an aggressive non-profit practitioner such as the one we battle in Central Florida. Our greatest nemesis is a YMCA. We are saving that saga for next month, however, while providing a broad overview in the first installment.

The YMCA might be our biggest hardship, but it is not our only one.

Within walking distance of the county administration office, dozens of county employees formerly patronized what I will call our club (even though it is not actually mine.) Then the county outfitted a once near-empty fitness room with a line of used Nautilus machines. Given free use of this facility, county employees dropped their membership at our club.

Some might say.... So what? Don't businesses maintain the right to provide employee perks? Yes, private businesses do, especially if they pay taxes. But,

we supposedly live in a country providing government of the people, by the people, for the people.

Our club pays county real estate property tax, tangible property tax and an occupational license fee - and yet the county deems it appropriate to cramp our market. A fit workplace is desirable in any office, but does it seem fair to hinder local business by giving away the very product that they sell?

When threatened by government-owned workout facilities, appeal to office holders, Chamber of Commerce officials and business groups concerning fair competition - the backbone of American industry. Many localities actively recruit new business into the community. The specter of government-operated competition - no matter what the industry - reflects a less-than-ideal business climate.

If possible, head off a government exercise facility before it develops. If civic employee memberships are important to you, work with them to set up a special program. Explore ways to make yourself indispensable. Even if the governmental body desires to purchase its own equip-

ment, perhaps you can play a consulting role or contract for service.

Once a governmental body sets up a fitness center, your protests are not likely to dissolve it. In our situation, fortunately, the county does not currently offer use of its facility to walk-in customers. If ever they do, we will protest.

Government employee fitness centers are only a minor irritant. Hospital wellness centers are more imposing. Generally, they are not restricted to staff and patients, but court outside memberships. Their success, however, is meager. Don't tell your hospital's wellness director this, but a reason they are not more successful - and thus more troublesome to you - is that too many of them are located within a hospital. Have you walked through a hospital lately? Hopefully, this will not sound insensitive, but dispiriting sights do not pump you up for a workout.

The university setting is much different. Be prudent in assessing expansion ideas predicated on the college market. A university facility may at any time be opened or expanded and you're stuck with idle step machines or low-volume chin/dip stations.

The question again arises - does the privilege of not paying taxes carry the responsibility to not compete in ancillary areas with businesses that do?

So far, legislators have cared little.

The only meaningful response is to offer a demonstrably better facility -- fight for your market. These bold words, of course, can overcome only so great a financial disadvantage. But, don't give up.

We do not all drive the same automobile, live in the same style of house, wear identical clothing, read the same books or watch the same television programs. Our tastes in health facilities will likewise vary.

Non-profit facilities spell hardship for those of us Uncle Sam calls supporting kin. This is most obvious in appraising the YMCA empire - our nation's largest health club chain. Operating under the perception of functioning as a charity, the YMCA has crafted a dynasty that threatens to pulverize the for-profit fitness industry.

This we shall explore deeply, beginning next month.

(Terry Duschinski is a professional personal trainer in the Deland, Florida area.)

# New Products Announcement

**T**he PERSONAL TRAINER BUSINESS HANDBOOK - How To Make Money Running Your Own Personal Training Business. This handbook is written by Ed Gaut, the owner of Bodies Plus Fitness Systems, a Washington, D.C. - based personal training company. The PERSONAL TRAINING BUSINESS HANDBOOK is available by mail from Willow Creek Publications for \$24.95

plus shipping. To order by telephone call: (800) 823-3488.

**H**EALTHRIDER PRO is the new commercial version of the popular HEALTHRIDER bike. The HEALTHRIDER has been endorsed by Covert Bailey and has been very popular in the residential market. The new HEALTHRIDER Pro will feature a great cardio and

total body workout. For information on the new commercial HEALTHRIDER Pro, call: (800) 457-8808.

**B**ODYMASTERS presents the new MD 221A Abdominal Crunch, redesigned to incorporate an adjustable leg support which assures proper body positioning for maximum results. Also, the upper back pads swivel to compensate for

movement and user comfort, and the head pad and handle grips are tilted upward to simulate a natural, anatomical position while performing the movement. For information call BODYMASTERS at (800) 325-8964.

**T**he CREATIVE CLUB, a division of ReevesDrake, Inc., a full-service advertising and

marketing communications agency, announces that the second edition of its Catalog of Club Advertising and Promotion is now available for shipment. This latest edition contains finished, camera-ready ads, headlines, original photography, and illustrations for clubs to use in advertising and direct-mail campaigns. Contact Kate Connelly at (508) 655-9757 for information.



## Impeccably tailored solutions.

**C**heckfree Corporation gives you a sophisticated, first-class club management solution. We take the time to investigate the needs of your club up front, paying attention to the finest details. Then, we create the solution that best suits your tastes. Our well-rounded systems, consisting of RCM2000-The Club Manager software, hardware, EFT services—or any combination—enable us to deliver the perfect solution.

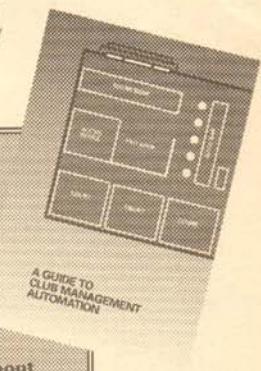
**Targeted EFT Solutions** We recommend practical, reliable and cost-efficient EFT processing for tangible results: increased member retention, improved cash flow, lower billing costs and lower delinquency rates. The results are just as tangible as the solution.

**Unmatched Club Management Systems** Forget about the headaches of manually tracking club activity or struggling to get what you really want out of your system. Instead, rely on the comprehensiveness of RCM2000-The Club Manager for membership database maintenance, marketing management, membership accounting and usage tracking. Not only will you get the control you want, but your members will get a better-run work-out facility.

**Dependable Support** Just as important as our solutions is our solid support and meticulous service. We have the leading experts in system development and technical support ready to wait on you. Checkfree is the leader in club management, helping over 1,500 facilities to more efficiently and profitably manage their operations. These clubs get a custom-designed system at a reasonable price.

Why spend another minute operating your club with a piece-meal approach? Treat yourself to Checkfree's made-to-order solutions.

**Special Offer:** Send for your FREE Guide to Automation and get a step-by-step approach to what you need to consider in club management. It's yours absolutely free and without obligation. Call to order:



**1-800-242-9522**

**CHECKFREE**<sup>®</sup>  
CORPORATION

RCM Division



Checkfree Corporation is an IRSA Vanguard member and proud sponsor of the IRSA Institute.



## *How To Keep A Captive Audience*

Call (800) CARDIO-1 or (404) 848-0233 for details.

**CARDIO** Theater®

Distributed By Cardio Theater Holdings, Inc.  
(an Affiliate of Australian Body Works)

**WE PUT FUN INTO FITNESS**