

Norm Cates'

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# **THE Club Insider**<sup>©</sup> **NEWS**

*The Pulse of the Health, Racquet & Sports Club Business*

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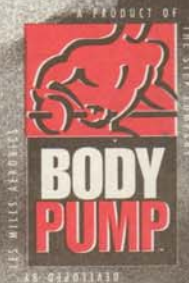


## **Mark Smith & Team TSI Raise \$100 Million!**



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## NEWS

The Pulse of the Health, Racquet & Sports Club Business

## Mark Smith And TSI Team Raise \$100 Million!

By Norm Cates, Jr.

Mark Smith and his executive management team of 11 individuals successfully completed a management buyout of New York-based Town Sports International (TSI) about 1 1/2 years ago. Town Sports International operates under the names New York Sports Clubs, Washington and Boston Sports Clubs. Now, they have successfully completed a capital acquisition effort which has raised \$100 million for rapid expansion. \$85 million was raised through high yield bonds and \$15 million through bank debt.

Town Sports International is a 40-club chain with Mark Smith the CEO of the organization which has facilities in the New York, New Jersey, Connecticut, Washington, D.C., Maryland, Virginia and Boston. But, Smith will be the first to

tell you that TSI is truly a team effort all the way. Smith comments, "I'm just one of a team of great people. Our team is really a deep—experienced group and each has his/her own defined area of responsibility. All have grown like I have over the years. With an exception of a couple of individuals, each of our team members have been with TSI for 12 years. It is very much a story of teamwork. All of these individuals are pulling together very well as opposed to one person being responsible for it all.

A typical TSI club is 20,000 square feet and focuses heavily on fitness and programming. TSI likes to cluster four or five units in the same vicinity, allowing for membership sales which provide amenities such as squash, swimming, racquetball, etc. in one location, but accessible by all of the members. This formula has been very successful as

TSI now generates approximately \$90 million per year in consolidated and non-consolidated revenues. TSI has 100,000 members. Their membership dues are \$68 per month and 95% of their dues are collected via EFT.

Smith shared some figures which were recently compiled for his "Road Trip" purposes, and the figures are very illuminating. Both sets of figures were extracted from Prospectus Documents: one for Bally Total Fitness and one for TSI. Smith comments, "We are lucky to be working with BT/Alex Brown here. BT (Bankers Trust) is strong on the debt side and Alex Brown is strong on equity. With the merger of those two companies, it was a perfect fit for us. I believe the vision we all have is that ultimately TSI can become a good public vehicle in the future." A quick examination of the analysis

(See Mark Smith page 8)

## Sport Club Company And Gold's Gyms Deal Blows Up

Venice and Los Angeles, CA. - The Sports Club Company, Inc. and Gold's Gym Enterprises, Inc. announced that they had terminated negotiations regarding the acquisition by the Sports Club Company of the 32-year old Gold's Gym, which owns one fitness facility and acts as Licensor with respect to approximately 500 other clubs in the U.S. and world-wide.

The Sports Club Company, Inc. operates upscale health and fitness clubs under "The Sports Club" and "Spectrum Club" names.

Sources say that Mike Talla was rolling the acquisition costs of Gold's of \$45-\$50 million into a total loan package of \$100 million intended to allow the Sports Club Company to ac-

quire Gold's and at the same time consolidate some of its debt and to acquire additional upscale clubs. It is rumored that the huge Los Caballeros Sports Club in Fountain Valley, California, a 23-acre complex with 30 tennis courts, is one target. Talla personally indicated to *THE CLUB INSIDER* News that, "We terminated discussions with the Gold's Gym people. We're not pursuing that deal any longer. There were a lot of reasons for it. We're busy doing a lot of other things that are more in line with what we do. It's a nice company and it is going to be a good deal for somebody, but for us right now, we're just swamped with other things. For us, it just didn't work out. We have a lot of new deals in the pipeline, and we'll keep you posted when we get the contracts signed."

## Life Fitness Acquires Hammer Strength

Chicago, IL.- Life Fitness has expanded its line of strength equipment with the acquisition of Hammer Strength, the market leader in plate-loaded exercise machines. Life Fitness made the announcement at a press conference during the Club Industry Trade Show on November 13th.

With this line of popular strength-training equipment, which

combines the feel of free weights and the safety of traditional resistance machines, Life Fitness broadens its strength training offerings to its core health club markets and solidifies its presence in the athletic markets of colleges, professional sports and body-building.

"Hammer Strength is a perfect fit for Life Fitness; it is the brand leader in plate-loaded

equipment with a product philosophy similar to our own that focuses on innovation, quality and reliability," said Augie Nieto, Life Fitness president. "This acquisition puts Life Fitness at the heart of the current exercise boom in strength training with the most comprehensive line of top-quality plate-loaded machines available to meet the needs of our cur-

(See Life Fitness page 4)

## Universal Gym Chapter 11 Leaving Customers High & Dry

By Norm Cates, Jr.

On July 24, 1997, Universal Gym Equipment, Inc. filed for Chapter 11 in the U.S. Bankruptcy Court of Florida. The Court allows a 120-day window of time for Universal to create and have approved a Chapter 11 Reorganization Plan. According to sources, Universal Gym has shut down operations in wait

of a new buyer-owner.

We received a phone call from one of our subscribers, a customer of Universal that had 50 Universal Treadmills in three locations. The club owner was concerned because he had repeatedly called the Universal Headquarters in West Palm Beach, Florida with no answer. He stated that he had been unable to obtain any information whatsoever about Universal, including any spare parts or service.

(See Universal Gym page 9)

## Inside The Insider

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  - Seasonal Approach To Membership Marketing
  - BODY PUMP Testimonials
  - IHRSA Board Passes Resolution On Women's Only Clubs
- BEST PHONE NUMBER: (770) 850-8506

## Med X's Jim Flanagan Scores Big!

By Norm Cates, Jr.

Chicago, IL.- Jim Flanagan has been selling prod-

ucts designed by Arthur Jones for over 20 years. First with Nautilus and since its beginning, with MED X. Recently, MED X, a medically based company with a terrific line of selectorized strength equipment, rehab and

testing equipment, received a significant infusion of investor dollars which bought Arthur's interest in MED X and pursuant to

(See Med X page 29)



Jim Flanagan



# THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

## UNITED STATES TENNIS ASSOCIATION ALLOCATES \$31.4 MILLION!

By Norm Cates, Jr.

On the heels of a tremendously successful United States Tennis Open, the USTA has rolled out a terrific 5-year tennis promotional program which will invest \$31.4 million dollars in a nationwide effort to grow and promote the game of tennis.

According to Alan Schwartz, Chairman of Chicago-based, Tennis Corporation of America®, USTA Board Member and influential leader in the health, racquet and sportscub industry, the USTA initiative will have three primary thrusts: (1) to develop 800,000 new-devoted tennis players who play the game a minimum of 2 to 4 times per month. This aspect of the initiative will be to de-

velop a seamless transition of beginner players to more advanced levels, to promote regular instruction across America and to increase league play. This effort is to be measured through a new KPI System (Key Performance Indicators) and the funding of the initiatives will be regulated to assure that certain performance goals are being reached. In short, the USTA is not going to just throw the

money out there and see if it sticks. The plan is to carefully measure, monitor and adjust the promotional efforts accordingly.

The second key component of the USTA plan is to develop on the other end of the spectrum, top level-world class competitive players through what is being called PROJECT 2000. PROJECT 2000 will identify the top athletes in the game and will begin the first indus-

try effort in years to focus on the development of top players to compete at the world level.

The third component will be computer tracking by the USTA of the results of all of the programs. It is anticipated that this information will help in USTA's effort to continue the strong and ongoing relationship with television. USTA has just renewed its contract with CBS for \$60 million per year through the year 2004.

## PREPARE FOR THE NEW YEAR!

If you have been in the health, racquet and sportscub business for awhile, you know that the business is very predictable and that with proper advance planning you can take advantage of that predict-

ability. In this edition we are going to provide you with some ideas for preparation for the New Year. The information contained in this edition is provided by some top industry professionals. Their articles, if considered and applied,

will help you with planning and execution for budget/cost control issues, cost control on the supply side, marketing planning, sales management and direction, legal issues and corporate wellness marketing. This edition alone, in

addition to the news items and commentary, provides true club industry meat and potatoes that if applied to your daily operation will save or earn your business literally thousands and thousands of dollars per year. (Many, many, many times the

cost of an annual subscription to The CLUB INSIDER News!!) We urge you to take the time to consider the contents of this edition and use whatever you can for your planning for 1998.

### ...Life Fitness

continued from page 3

rent customers and expand into additional markets."

Hammer Strength will be a separate and distinct product line of Life Fitness, a division of Brunswick Corporation. Hammer Strength will be sold through a combination of direct sales and

dealers, similar to other Life Fitness equipment. All existing product warranties and service agreements will be honored by Life Fitness.

#### Benefits of the Hammer line

The country's premier provider of plate-loaded equipment, Hammer Strength was started in 1986 by Gary Jones and

currently produces over 60 different plate-loaded machines - typically introducing a new or redesigned plate-loaded offering about once a month. Plate-loaded exercise equipment uses Olympic plates and smooth leverage mechanics to provide controlled resistance to strengthen muscles. The machines have all the benefits of free weights and the safety of traditional, selectorized equipment.

Hammer Strength products are known for "Iso-Lateral" motion technology, a patented movement pattern in which muscles move in biomechanically and physiologically natural arcs towards and away from the body. This results in unique, natural ranges of motion and allows each body structure to be worked independently, so stronger limbs won't be doing the greater percentage of work.

Despite numerous manufacturers entering the market, Hammer Strength remains the gold standard for plate-loaded strength equipment because of the innovative technology behind each machine. Hammer Strength is designed on a powerful computer using a proprietary 3-D CAD program developed by Gary

Jones. This program can render information on arc, weight, balancing and movement of a machine prior to actual physical production, enabling Hammer Strength to develop the most biomechanically and ergonomically correct strength training equipment on the market today.

"The prominence of plate-loaded equipment in today's market was created by Hammer Strength due to its products' unique motions, inherent smoothness and durability," noted Greg Highsmith, Life Fitness director, product-management-strength. "In addition, as with all Life Fitness exercise equipment, Hammer Strength systems accommodate users at all fitness levels; a deconditioned individual can use the same machine as an advanced weight lifter, and both can attain optimal strength-building workouts for their personal fitness needs and goals."

#### A reliable buy in a growing market

For fitness facility owners interested in minimizing maintenance costs and system downtime while satisfying the preferences of its members, Hammer Strength machines from Life Fitness are a sound purchase. By design, plate-loaded

equipment generally requires less maintenance due to fewer moving parts, making Hammer Strength equipment able to withstand the most demanding use.

"Reliability is terribly important when machines are in high demand - which plate-loaded equipment is because strength training is a hot fitness area right now," explained Nieto. "A circuit of plate-loaded machines provides a smooth, technique correct complement to free weights, making them very popular machines in fitness facilities that need to stand up in heavy use - a challenge that Life Fitness equipment meets and beats every day."

#### About Life Fitness

Life Fitness, a Brunswick Company, is the global leader in designing and manufacturing computerized fitness products and developing innovative, technology-based total fitness solutions. Its cardiovascular and strength training equipment, including the renowned Lifecycle exercise bike, are among the most reliable in the world and are used in health, fitness and wellness facilities worldwide. The company is headquartered near Chicago and distributes its commercial and consumer products in more than 80 countries.

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# •NORM'S NOTES•

## 4TH ANNIVERSARY!

This edition marks the conclusion of our fourth year of publication and I must tell you folks, it has been fun! When my pals and I dreamed up the idea of this publication at a hotel in Chicago in January, 1993, I never dreamed it would be this much fun! But, I guess it all depends on your definition of fun. If you define fun as having a strong conviction that what you are doing is good and helpful to many others, if you define fun as being so dedicated to your cause that you will do without material things to foster your goal, if you define fun as waking up each day excited about the coming events of the day, if you define fun as looking forward to the challenges of each day, week, month and year, if you define fun as having a passion for success burning deep in your soul, if you define fun as loving and deeply caring for the people you serve in your role.....then folks, we are all united.....on the same

page.....looking at the same horizon. Those of us that define fun as defined above are truly blessed to live a life which enables us to pass on our convictions, our dedication, our excitement, our challenges, our deep passions and our love onto others. Thank you all for four great years of **THE CLUB INSIDER** News and **STAY TUNED** for more!

**BEST PHONE NUMBER** - If you need to reach us the best phone number to call is: (770) 850-8506 or Fax # (770) 933-9698.

**DAVEY BLEDSOE**, is a former National Champion in racquetball on the Professional Tour back in the 1970's. I ran into Davey, a former employee of mine at the Downtown Athletic Club in Atlanta, the other day and it was nice to see him. He has been with AT&T for over 10 years and is based in Atlanta. He can be reached at: (404) 810-

2349 or EMAIL [dbledsoe@att.com](mailto:dbledsoe@att.com)  
Great to see you Davey!

**CORRECTION!** Last month in my Note about **HARM TEGELAARS** and his new found fortune I mentioned his "Home Country" as being the 'United Kingdom.' **HANS MUENCH**, the Director of International Development for **IHRSA** (who is doing a terrific job, by the way), sent me a memo providing me with correct information. Harm is from the Netherlands and has been working in the U.K. for 15 years. According to Hans, Harm bought a house in Holland last year. I guess that is why he has not responded to my faxed request for an interview and story about his career and recent sale of Archer Leisure Limited! Harm.....call us here if you get this message! (770) 850-8506 (USA) or Fax#: (770) 933-9698. And, NO Hans, I have not found the photo of you and **ARNOLD S.** yet! But, I am sure it



*Norm Cates, Jr.*

is here and I am still looking for it!

Congratulation to **JOE**  
(See Norm's Notes page 29)

## CLUB INDUSTRY Magazine Awards Distinguished Woman's Awards For 1997

**Chicago, IL.** - The first ever Distinguished Woman's Awards were awarded by **CLUB INDUSTRY Magazine** at an Award Ceremony Breakfast held at the CLUB INDUSTRY Conference and Trade Show. The Award Ceremony was a breakfast sponsored by Life

Fitness.

The introductions for the ceremony were done by Donna Loyle, the 1997 Awards Chairperson. The keynote speaker was Ms. Kate Bednarski, President of Ryka Athletic Footwear. Mr. Terry Moffatt, Publisher of **CLUB INDUSTRY MAGAZINE** served as

host for the event.

The recipients of the awards provided the audience with a warm and fuzzy feeling as they shared with the group their experiences and the thrill of having been selected as a finalists and ultimately the winners. (See *Distinguished Woman* page 29)



(L to R) Terry Ferebee Eckmann, M.S., Jill Stevens Kinney, Beth Jeffers And Robin DeSimio

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# Examining The Mandated Costs

By Rick Caro

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

## WORKERS' COMPENSATION INSURANCE

Workers' compensation insurance is just such a category. It is a required insurance based on total payroll. It must be paid on a timely basis. If the insur-

ance lapses or is not paid on a timely basis, the club owners and senior management can be held personally liable.

Most club owners and general managers just accept this type of insurance as a necessary evil without a great deal of scrutiny.

**Scenario #1:** A club has an annual workers' compensation audit scheduled. The club's bookkeeper is told by the General Manager to turn over all payroll records to the club's outside accountant. The audit takes place at the accountant's office and about 6 weeks later the club receives an audit bill of \$14,000. So, the club owes another \$8,000 beyond what it had already deposited. The insurance company re-

fused any payment terms; so the club had to pay the extra \$8,000 within 30 days after the bill was received. Since switching insurance companies would not solve this surprising dilemma, the club paid it reluctantly.

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

**Scenario #2:** One year later, that same club had a total workers' compensation premium 3/4 with the same insurance company of only \$6,500 with \$75,000 more in total annual payroll. The only difference was that the club's ownership hired a consultant intimately familiar with both the club industry and that state's workers' compensation regulations. The \$7,500 savings went straight to the bottomline along with much reduced advanced deposits on future years.

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

## VARIETY OF CLASSIFICATIONS

The goal was to properly place as many categories of club employees in other classifications and pay for them at lower rates. Some of the categories used were:

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

The prevailing rigorous jobs in a club-fitness and aerobic instructors, tennis/racquetball/squash pros, maintenance (housekeeping and repairs) - all fell under the main category. However, the club was able to shift the others successfully. Bookkeeping, computer operators, member processing, front desk, member service, programming/activities, etc. all fell under Clericals. All department heads and above were placed in Executive and Pro Shop

was under Retail. Sales staff went under sales one year and then moved to Clericals the next.

## INDEPENDENT CONTRACTORS

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

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

## UNEMPLOYMENT INSURANCE

On a separate issue, all clubs are subject to state and federal unemployment insurance rates. These are calculated based on the club's actual unemployment experience. A new business is given a high rate on both its state and federal unemployment insurance. For example, a new club may be paying a combined 5% of its total payroll. As each year passes, the state evaluates the dollars contributed to the unemployment insurance "bank" versus the dollars paid out to former club employees by the state for their unemployment claims. If there is a favorable balance of excess premiums paid in, the club will receive a lower rate for the following year; an unfavorable rate will create a rate increase.

The importance of this calculation is there can be a wide fluctuation, especially in the first five years of a business or if there are several claims of well paid former employees for long periods of unemployment wages. This could mean a .5%-1% increase. If that is multiplied by the



Rick Caro

club's entire payroll, the increase may be \$2,500-\$5,000; for a large club, it could mean \$4,000-\$8,000 or more. This may seem insignificant, but any savings can fall right to a club's bottom line this year and may create a lower base for future years.

It would seem obvious that all clubs should contest any claim by a former employee that seems unwarranted. Yet, few of these illegitimate claims are protested by clubs and protested effectively. Instead, the club allows the former employee to take advantage of the club. However, what may be worse is that the club has created a standard for other employees to follow when they might leave the club.

## THE INCIDENT

A club employee leaves the club while on duty and goes to a liquor store to buy a quart of vodka. She returns to the club and offers bloody mary drinks to both members and working club staff. She signs for 18 tomato juices at the club cafe. This action creates a series of violations of the club's personnel policy manual and - more importantly: a violation of the state's liquor law as the club had only a wine and beer license. Dispensing alcoholic beverages is a criminal offense and could result in the club's losing its current liquor license. Also, no insurance company provides coverage for clubs who break the law. So, if any club member or staff gets into an automobile accident and blames the club, the club's insurance company will deny coverage. Consequently, the club's entire assets will then be exposed.

(See Rick Caro page 7)

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## ...Rick Caro

continued from page 6

This sounds like a situation where the employee should be terminated and immediately ruled ineligible for any unemployment benefits. This was not the case.

The next steps are generally procedural. The local unemployment office sends a form asking for data on wages over the preceding 26, 39 or 52 weeks, the reasons for termination or resignation and whether the club would hire the person back if an opening were available. In this case, this was a full-time employee, who earned over \$26,000 in wages and would never be hired back.

For whatever reason, the club had no further communication and thought the matter was resolved appropriately. However, several weeks passed before the club received notification that this former employee was collecting \$250 per week each week since she was terminated. Obviously, this was charged against the club's account and would affect its favorable unemployment insurance rate.

### UNEMPLOYMENT HEARING

The club requested a hearing in writing, since no oral request would be honored. Since the club wanted to bring several people, the initial hearing dates were changed to accommodate employee schedules. Then, the former employee received delays. The end result was that the actual hearing occurred 4 1/2 months after the termination. By that point, the ex-employee had received almost \$5,000 from the state. This was even more frustrating to the club when it learned that she had been working all during this period for another local club "off the books."

The key to success at a hearing is proper preparation. The club needs to provide a complete personnel file on the former employee with copies available for the hearing. Ideally, the club should have a written personnel policy manual and each employee should sign the front page indicating he (she) had received it and was responsible for its contents. This signed sheet should be in the employee file folder. The personnel policy manual should enumerate all of the club's policies. It should list some—but not necessarily all—of the behaviors which are unacceptable and subject to immediate termination for cause. In these cases, no written warnings are required.

Other written evidence

should be assembled for the hearing. The notarized affidavits of eyewitnesses, the written chits at the cafe for the bloody marys, the name of the vodka brand, photograph of the stacked up plastic cups still on the former employee's desk found the next day, a copy of the liquor license, the time cards of that employee, any photographs (including her working out on a "sick" day), etc.

There was a range of staff and club members who could serve as witnesses in the hearing—general manager, her direct supervisor (department head), other staff who were violators who accepted the drinks, club members who were given the bloody marys, the club's owner, etc. Since many of these were not able to attend a hearing during the day with little advance notice, the burden generally falls on the senior staff and other current employees. Each should immediately jot down his (her) recollection of all aspects of the incident. They should be asked lots of questions to help them refresh their memory on what happened before, during and after the incident, how did it happen, who was there, where did it occur and what was their role. Honesty and completeness are crucial.

### DYNAMICS OF THE HEARING

The judge who administers the hearing is often a civil servant who is not a lawyer nor trained as a judge. The judge may simply be a 50 or 60 year-old who attended some classes on the rules of a hearing and the basis of eligibility for employment benefits. Often, the hearing is limited to one hour. Each person takes an oath and a tape recorder is used. It is typically in a small room—rarely a court room—in an old government building.

The club is not required to bring its lawyer along and spend

substantial dollars in preparation and hearing time. Rather, the club should designate a top person in the organization (owner, general manager, director of human resources, controller) to take the lead. Often, the judge will grant much more flexibility in how the evidence is presented, the manner of questioning and how the witness can be led, the inclusion of non-essential information and even, hearsay. Each side can cross-examine the other's witnesses. Generally, the only witness for the ex-employee is that person. He (she) may bring a lawyer.

The hearing's results were not sent for another 3 weeks after the hearing and the ex-employee continued to collect unemployment wages. The decision was granted in favor of the club. The employee was ordered to reimburse the state, and the state had to garnish her wages (10% per week).

The state never corrected

the club's unemployment account even after this favorable decision. In fact, the club received an .8% increase in its rates or a proposed \$5,600 additional payment for the following year. After a series of three letters over five months, the account was clarified.

The actual preparation time was 2 1/2 hours, the hearing lasted one hour and the paperwork another hour cumulatively. This resulted in a \$1,200 return per hour expended. Not bad since this could have been a compounded cost going forward if not contested.

Many clubs have had actual terminations due to proven employee theft, an employee hitting a child in the nursery, drug abuse and selling drugs on the club premises, damage to club property and repeated no-shows for member appointments costing the club considerable revenue.

Many clubs have chosen not to fight the unemployment process because it seemed too unwieldy and there was such a strong bias toward the employee.

Perhaps, the unemployment situation should be re-thought by the club. Philosophically, the club deserves to win and does not want to create a climate for other non-qualifiers to follow. Practically, it deserves to win and the time and effort involved are not substantial.

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

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NEWS

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# Saving Money Through Group Purchasing

By Cecil Spearman

We all like to save money, and a SURE way to save money as a club operator is to take advantage of the group purchasing opportunities offered by IHRSA (International Health, Racquet and Sportsclub Association). There are so many savings opportunities through IHRSA's SAVINGS CONNECTION that the cost of belonging to IHRSA and attending the annual convention could be offset by the savings from Group Purchasing. That means all that great information you receive from IHRSA during the year is free!

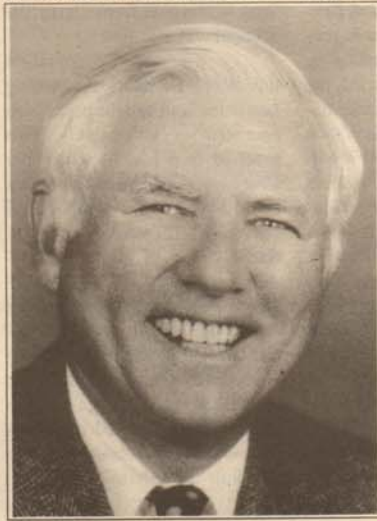
One great example of the opportunities available through the Savings Connection is the money a

club can save on office supplies by buying from Boise Cascade.

The prices of quality office supply products from Boise are much better than any local office supply discount house. Our club was buying from a large office supply discount house, and Boise saved us over 20%. We will save more than \$2,000, plus our service is better and the quality is

better. We are buying computer paper, copy paper, toner, post-its and many other products, and we are saving 20% to 30% on each order AND getting next day delivery prepaid. It is a very good deal, and any club not using Boise for office supplies is leaving money on the table that could be used for salary increases for employees or bonus money for the owner.

(Cecil Spearman is the Founder and President of Spearman Industries and the owner of six racquet and health clubs located in Orange County, California, Phoenix, Arizona and Chicago, Illinois. Mr. Spearman is a former President and Board Member of IHRSA, The International Health, Racquet and Sportsclub Association).



Cecil Spearman

## ...Mark Smith

continued from page 3

which follows shows ratios which are very favorable when compared to the largest health club chain in the world, Bally Total Fitness.

### PROSPECTUS FIGURE COMPARISON

	BALLY TOTAL FITNESS	TOWN SPORTS INTERNATIONAL
Average revenue per year per member	\$160/year	\$890/year
Sales & marketing expenses as a % of revenue	7.4%	2.8%
Collections	6.6%	1.6%
Cash flow margins	11.5%	More than 20%
Members per staff member	290 to 1	45 to 1

Smith comments, "When you throw out numbers like that to an educated financial analyst, they automatically appreciate that what you have is two different businesses operating in the same broad industry. If you take the Sports Club Company, the other public company, their ratios are a lot different as well. But, they cater to a lot smaller and a higher end market niche than Bally, 24 Hour Fitness or TSI. What I believe we are doing is establishing a standard for the industry that is more real concerning the good operators out there."

TSI's \$90 million per year number is soon to increase rapidly as TSI is embarking on a significant growth plan with the utilization of the fresh cash. The long-term plan is to grow through acquisitions and new facility development on a 50-50% basis. However, for the near future, the growth will be heavily based upon acquisitions while TSI negotiates,

develops and builds new sites. Smith comments, "Our 3 to 5 year goal is expansion confined primarily to the East Coast as it is ripe for consolidation. We are extremely well positioned for growth. It's not hard to see having 200 clubs within five years, assuming basic industry fundamentals remain the same as they are now." We asked Smith if club owners in the Northeast that would like to sell their clubs should contact TSI. He replied, "Yes! Definitely. They should contact Alex Alimanestianu, our Executive Vice President in charge of acquisitions. His number is: (212) 246-6700 extension # 212."

Smith added, "Speaking of standards, we have adopted the SEC requirements about how to treat Initiation Fees which is what Bally's has just done and what other companies are having to do. I think there is an important industry standardization that is occurring through that change

which will give us much better measurability in terms of comparing companies that report to the public. This will provide more closely aligned information which is very important to the industry when raising capital. It was one of the big hold backs we previously had in raising capital.

Smith has 2300 employees in the TSI organization, of which approximately 1/3 are full time. Smith came to TSI from the accounting firm of Coopers and Lybrand after working for them in New Zealand (his homeland), England and in New York City. Smith was formerly a professional squash player and that is how he became initially involved with TSI. Before becoming CEO at TSI, Smith was in charge of growth and acquisition for TSI for about 10 years. At age 38, Smith and his team have a terrific future ahead of them!

We wish Mark Smith and his TSI Team all the best in the future!

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# IHRSA Board Passes Resolution On Women's Only Clubs Re-Affirms Position That Health Clubs For Women Are Important

**Boston, MA.** - Following the decision of a Massachusetts court that requires a women's-only health club to open its doors to men, the Board of Directors of the International Health, Racquet & Sportsclub Association (IHRSA) passed a resolution in support of all women's-only clubs. The resolution states: "IHRSA recognizes the importance of women's only health and fitness clubs and supports ef-

forts to guarantee the legal right to operate as single sex facilities."

Healthworks, an IHRSA member which operates women's only clubs in Massachusetts, lost round one of a court battle in October when a judge ruled that one of the company's Boston clubs must open its doors to men. The decision is going to be appealed by Mark Harrington, owner of Healthworks. Other Massachusetts clubs are supporting the ap-

peal along with IHRSA, which has provided \$10,000 to help fund the fight.

"This case could effect every women's-only club in the country," said Helen Durkin, Director of Government Relations for IHRSA. "There is a legitimate gender-based privacy interest that needs to be protected."

With the support of the Massachusetts Commission Against Discrimination,

Harrington and IHRSA are seeking to have language included in current laws concerning gender discrimination that would guarantee that health clubs can operate as women's-only facilities. On October 30, Massachusetts legislators heard testimony from supporters and opponents of such a change. The legislation—House Bill 5057—is in the Massachusetts Joint Committee on Commerce and Labor.

*(Publisher's Note: Women's-only clubs all across America could be impacted by this legal battle between a male lawyer and a top women's-only health club chain in Boston. If you would like to contribute to help with the legal battle send your check payable to: The Fund C/O IHRSA, 263 Summer Street, Boston, MA. 02210. Your contribution might help win the battle.)*

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## Universal Gym...

*continued from page 3*

To investigate the status of things, we contacted Frank Canonica, formerly the Vice President of Sales and Marketing for Universal. We learned of a sad story. Canonica indicated that he and other employees of Universal had funded their own expenses

for travel, lodging, etc. on behalf of Universal. He indicated that they expected to recover very little of nearly \$50,000 in business expenses individually paid by the sales team. Also, Canonica personally lost six weeks of accrued vacation as he indicated he had taken only two days of vacation in 2 1/2 years with Universal.

So, the temporary shutdown and potential permanent shutdown of Universal Gym Equipment clearly leaves the customers and former employees of

Universal in a bind. Pursuing this spare parts and service issue further, we contacted Mr. Michael Seese, Attorney for Kluger, Peretz and Berlin, Miami attorneys handling the Bankruptcy case. Seese snarled when asked about the status of parts and service for customers and replied, "Are you the owner of any Universal Equipment?" My response was, "No." He then continued, "Then, just what is your interest in the Universal Gym Bankruptcy?" I replied, "I am just trying to help my

readers by finding out where and from whom they can obtain spare parts and help on service of their Universal Gym Equipment." Mr. Seese then replied, "I would suggest that you have them contact me personally for any information relative to that." So, here is the kind - Mr. Michael Seese, Esquire's phone number for any of you that have Universal Equipment and need parts or service: (305) 379-9000.

Stay tuned for more information as it becomes available.



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# The Seasonal Approach To Membership Marketing

By Michael Chaet, Ph.D.

**T**here is the FRUIT TREE THEORY of Market Planning

When planning your yearly membership schedule, it is probably best to look at it on a seasonal basis, very much like shaking fruit from a tree.

There are certain times of the year that you can shake an apple tree and apples will fall out. Other times of the year you can shake the tree till it breaks and no fruit will come out. So it goes with selling memberships to your club. There are certain times of the year when people are ripe to join and other times of the year when they are not at all interested.

This buying cycle is dependent upon several factors such as weather, season of the year, holidays, family obligations such as vacations and school.

Two theories as to how to tune into these buying cycles go as follows:

1. Market aggressively during the peak of the best buying cycles. This will produce more memberships overall and will reduce the cost per membership ratio.
2. Market less aggressively during the high buying cycles because people will join anyway and key in on low buying cycles which is the time people need more prodding. This will give a club a better year

round sales report.

Both theories have credibility, but the first has proven to be far more effective in the following ways:

1. It is true that people will buy during the peak of the cycle, but there is no guarantee they will buy your club membership or even a club membership at all.... they may choose another form of recreation.
2. All marketing campaigns are a risk and by tuning in on the high buying cycle you reduce your downside risk.
3. By marketing during the high cycle, the potential market is substantially greater due to the heightened awareness.
4. If you wait until the low buying cycle, you may be one step behind the smart marketer who has already shaken the tree one or two months before.

All in all, with the limited amount of money available for marketing at most clubs and the lack of professional expertise, the safest, most productive time to shake the trees for members is when they are most ripe...during the high buying cycles.

We see a greater potential for membership sales throughout the year, thus increased stability. Note: from September through March, the two type of facilities mentioned run parallel. In March, the club with the outdoor facilities starts to move to a high cycle while the indoor facilities move to a low cycle.

## THE SEASONAL PLANNING SCHEDULE

**SEPTEMBER:** This should be your FALL MEMBERSHIP CRUNCH. It is when you should have your biggest membership season. Use a major campaign at this time of year.

**OCTOBER:** **NOVEMBER:** HOLIDAY SEASON. Run a SEASONAL MEMBERSHIP PROGRAM here with the use of gift certificates. This is the hardest season to do anything due to the intensive competition from Christmas. Start the day after Thanksgiving.



Mike Chaet, Ph. D.

fer the entire summer as a package as well as individual monthly participation.

**JULY:**  
**AUGUST:**

## THE MAJOR CAMPAIGN

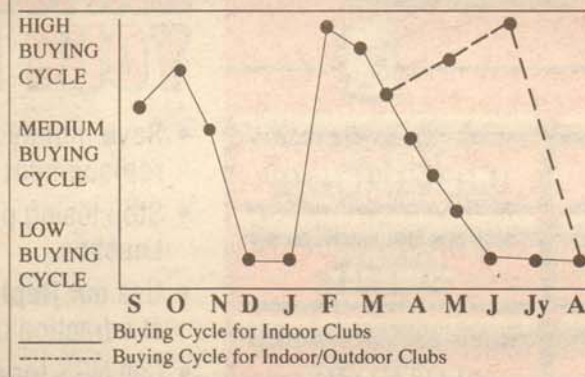
A combination of elements are designed to bring in large numbers of members. The major campaign is the backbone of your yearly marketing strategy and is best designed to be run during high buying cycles.

## THE ELEMENTS OF A MAJOR CAMPAIGN:

1. EXTERNAL MARKETING PROGRAM. Advertising at several levels, usually direct response, using newspaper and/or radio and/or television.
2. INTERNAL MARKETING PROGRAM. Utilizing some type of membership referral program or contest.
3. CAMPAIGN CAP. Consisting of an open house type or special event to cap off the marketing campaign.
4. TIMING. To be run during high buying cycles.
5. INTERNAL BACK-UP. Full effort and support should be given internally. Prospecting, phone calls, mailings and more. (See Major Membership Campaign Procedures).

The major campaign should run approximately 45 days. This allows sufficient time to get the message out and build up to a sense of urgency at the end. The following graph depicts buying activity during

(See Mike Chaet page 16)



As you can see, the two buying cycles for indoor and indoor/outdoor facilities are quite similar with the one exception that the outdoor facility has one additional high buying cycle which occurs when the weather turns good. This has been used as an argument for diversification of club facilities.

**JANUARY:** This should be your second big push for membership sales. A major campaign can successfully be combined with a short burst program in early JANUARY.

**FEBRUARY:** **MARCH:** **APRIL:** A solid ICF (intermittent cash flow) PROGRAM will do here leading up to summer. A one-month trial membership should work. If you have outdoor facilities, consider a major campaign featuring those facilities.

**MAY:** **JUNE:** Heavy programming and summer specials. Of-

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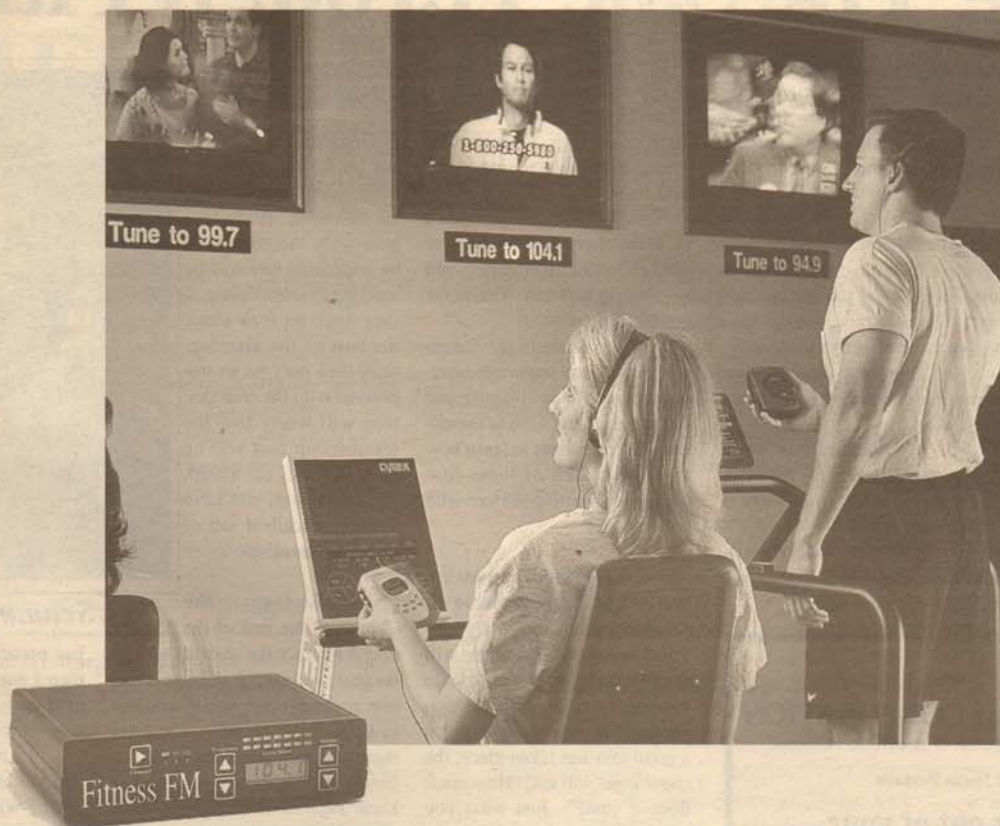
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# Closing The Sale Through Fitness

By Jack Scammahorn, Ph.D.

There is nothing more depressing to a sales manager than seeing clients walk out of the door of their club without joining. Most health and fitness clubs put forth a huge effort and expense in advertising and promotion just to create enough interest in the potential client to motivate them to make the effort to visit their club. But once the client or guest finally decides to visit, another set of factors are set into motion that ultimately impact the client's final decision to join (or not). The knowledge of these factors and more importantly, the ability to control these compo-

nents ultimately determines the decision process of all clients.

The control of these essential components is fairly simple, yet sadly, lacking in almost all of the clubs I have visited or worked within the past fifteen years. To help your sales staff become more effective in their client presentation, I would like to pass on some of the basic concepts that have proven to be effective in sales.

There are four essential needs of all clients when they visit any club:

1) Location: this means how convenient it is for the client to get there, either from work or from home.

2) Facility: what does the club look like? Does it meet and exceed their expectations?

3) Service: another way to express this is, will this club effectively, truly help them reach their goals (e.g. weight loss, strength, muscle toning, etc.) And finally,

4) Cost: questions such as, is the club worth the cost, or can I afford the membership, and anything in between. That is the bottom-line question.

To those in the fitness business, these important components are a must in touring and showcasing your club to the client. It is important to learn how to present each of these four components during the tour with your client.

**Touring:** The most important word to remember in the tour process is Control. By control, I mean that the client will usually make an effort to gain control of your presentation during the tour. For example, when a good tour has taken place, the client/guest will ask, "How much does it cost?" Just what you wanted to hear, right? Actually, no. If you answer this question immediately, you have lost control. By responding to the client in answering the cost question, you have allowed the control factor to shift to the client. He or she is now in control. Sure you can get it back, but not without creating a problem and especially at the most critical stage of a sale: price presentation. I will admit that it is tempting to move your guest into the sales office and start presenting the membership costs. But, psychologically, the control is now with the guest, and it is the guest who will evaluate you and your club on the worth of the club. The client will now tell you if they will join. This is the most common mistake in price presentation.

#### To Maintain Control:

I focus my training on membership service, number 3 of the tour presentation. Although all three areas are important, it is number 3, membership service, that is the focal point of why the client is there in the first place. It is important to remember that the client came to you for a reason and usually it revolves around some area of fitness they want to achieve for themselves. To ignore the client's reason for being inside your club is a major mistake. And, equally fatal is to

appear too quick in answering the cost question.

During the tour, it is important that you focus on the programs and services your club offers to all members. If the tour goes well, the client will be impressed and will be wanting to join. In fact, if they have no idea about the cost of the membership, they may be so impressed with the club that they will worry that the membership cost will be more than they can afford. If this happens, you have done an excellent job of touring your client.

**Ending the Tour:** At the end of the

tour I instruct the staff to turn to the guest and ask, "Is there anything else about our club you would like to know more about?" Or, "Are there anymore questions about our fitness facility you would like to know more about?" Notice that I am soliciting the question and the client is still responding. Behaviorally speaking, I am still in control. The client will usually answer by asking "How much does it cost to join?" At which point you may choose one of several options by recognizing the importance of the cost of the club by saying, "Membership cost is an important consideration, and I will be happy to show you our membership options, but more importantly, is there anything else you would like to know about our club's health and fitness programs?" By refocusing on the client's own reason for being at the club in the first place you accomplish two things: 1) You restore the importance of the fitness club by reemphasizing the goals/needs of the membership, and 2) You maintain control. By asking the question about the club's ability to meet the client's fitness concerns, you have answered successfully the first three major questions the guest came in to have answered. Now, they are ready to find out how much it costs.

#### Closing

Up to this point in the sales process, it is important to know that the cost of the membership is not the major concern. The major concern of the guest is, and always will be, about the ability of the club to help the client to reach his or her goals/needs. If the staff



Jack Scammahorn, Ph.D.

has presented the club properly, then I am confident in taking the next step: the assumptive close of the membership presentation.

It is important to know that the client would not be there (club) without having come to grips with the potential cost of joining. By this I mean that the client would not be in your club without mentally recognizing that cost is a necessary factor in joining a health club. In the minds of most clients, they have already adjusted an amount that they can live comfortably with. So, if you have done your tour well, you have already qualified the guest, and you also know what type of membership the client is interested in. (single, couple or family) All that is left is the easiest and most pleasant part of the sales process: the presentation of the membership cost.

When training a sales staff in presenting the membership rates, I have found this area of the sales process to be the most feared. Psychologically, if the sales staff have followed their training they will realize that they are in total control of all aspects of the sales process. This includes getting the client to join.

Personally, I approach the price presentation as one of the most exciting aspects of the membership process. In fact, I coach the sales staff to present the cost as one of the more pleasant surprises the client will see today. Additionally, if the sales person has focused on why the client is there in the first place, i.e. to start working out and to quickly get to a healthier lifestyle and to start looking and feeling

(See Scammahorn page 24)



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# New ACE Study Determines Group Indoor Cycling May Be Too Intense For Beginning Exercisers

**San Diego, CA.** - Promoted as a "workout for all fitness levels," group indoor cycling can be too intense for beginning exercisers, according to a new research study commissioned by the American Council on Exercise (ACE).

The study, conducted by the exercise physiology laboratory at California State University, Northridge (CSUN), and reported in the November/December issue of *ACE FitnessMatters*, warns that the intensity level of group indoor cycling may go far beyond what most novices or part-time exercisers can handle and possibly subject them to dangerous overexertion.

"Pressure to keep up with better-conditioned classmates and

direction from instructors to keep the pace compounds the problem by pushing beginners beyond their physical abilities," said Richard Cotton, editor of *ACE FitnessMatters*. "Beginners shouldn't be discouraged if they can't keep up with the rest of the class and they can protect themselves by staying within their limit, in some cases, by tuning in more to their bodies than to a passionate, but overzealous instructor," Cotton added.

Researchers put five participants of various fitness levels through a 30-minute, standardized indoor cycling workout. Each participant was given the same instruction in order to reproduce the wide variety of fitness levels an instructor might encounter in a typi-

cal class. (A good instructor, however, will modify the class to accommodate both beginners and more advanced participants.)

CSUN researchers found the heart rates of each of the subjects to be between 75 percent and 96 percent of age-predicted heart-rate maximum, with the majority of the time spent on the higher end of the range. More significant is how difficult participants perceived the workout to be. Regardless of fitness level, test subjects on average rated their perception of the workout as an 18 or 19 on the Borg Perceived Exertion Scale\* (which rates physical Exertion on a scale from six to 20, or zero to 10) — a level not only uncomfortable for the low-fit, but perhaps dangerous for people not medically cleared for exercise.

The high intensity levels that make these classes difficult for novices is also what makes them an effective, rewarding exercise for the very fit. The caloric consumption of each study participant ranged from 7.5

to 19 calories per minute (caloric consumption depends on intensity, fitness and body size), equal to a 150-pound person running a seven-minute mile. Indoor cycling burns about the same number of calories as those burned in a typical step class. Compared to running or step aerobics, however, indoor cycling is a considerably lower-impact exercise. Beyond the lab setting, ACE sent out 10 of its certified fitness professionals and 10 non-professionals (consumers) to participate in indoor cycling classes throughout the country. All participants (20) responded that instructors offered adequate pre-class instruction on how to use the equipment. However, more than half (12) responded that instructors should provide better directions on how to monitor and modify the intensity of the workout.

"Harder and faster is not always better," said Jeff Vandiver, an ACE-certified professional who runs an independent cycling education program. "Find a certain (heart rate) zone and stay there for a certain period of time...and build

strength."

Responding to consumers' growing confusion over misleading fitness claims and a surge in home fitness equipment offerings, ACE continues to be a reliable, unbiased source of credible information to help people cut through the clutter and enjoy safe and effective physical activity. ACE publishes these findings in *ACE FitnessMatters*, available by joining ACE's new public membership program, "Friends of ACE."

For just \$25 a year, ACE "Friends" receive a year's subscription to *ACE FitnessMatters*, access to ACE's resource center to get personal health and fitness questions answered, special web site access, and more. The program supports ACE's mission of promoting active, healthy lifestyles to all segments of society. For more information, call (800) 825-3636.

\* To learn more about the Borg Perceived Exertion Scale visit the ACE Web site at [www.acefitness.org](http://www.acefitness.org). Information is located in ACE Fit Facts, click on "all article listing" and select Monitoring Exercise Intensity Using Perceived Exertion.

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### The Sales Effectiveness Quiz

- Has your sales team been trained or retrained in the last 90 days? Yes \_\_\_ No \_\_\_
- Are you totally satisfied with your sales team work habits, efforts, production levels, attitude and motivation? Yes \_\_\_ No \_\_\_
- Do you have key result areas and accountability structures for all production staff? Do you use them? Yes \_\_\_ No \_\_\_
- Do you track and analyze all sales statistics and staff production daily? Yes \_\_\_ No \_\_\_
- Is your sales team trained and held accountable for time efficient prospecting (or just order takers)? Yes \_\_\_ No \_\_\_
- Do you have lead follow-up systems in place and do you regularly inspect them? Yes \_\_\_ No \_\_\_
- Does your sales team have clear, written job descriptions, expectations, goals and well defined time frames for completion? Yes \_\_\_ No \_\_\_
- Does your team close sales mainly on "benefits & value"? Or just price. (Tell the truth) Yes \_\_\_ No \_\_\_
- Has your sales team consistently met their goal the last six months? Yes \_\_\_ No \_\_\_
- Does your sales team never complain, "I don't have any leads" or "there's not enough guest traffic"? Yes \_\_\_ No \_\_\_

Scoring: 1 Point for each "Yes" answer

8 - 10	Highly Effective:	You are doing well. Could you improve?
6 - 8	Moderately Effective:	You are trying but what would a 20% improvement do for you?
5 - 7	Kind of Effective:	You need a sales focus and training!
Below 5	Not Effective at all	Do something NOW! Call PCM, we can help!

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## ACE Tips For Indoor Cyclers

Some call it torturous, others exhilarating. But there's no denying its popularity — some see indoor cycling, as the biggest thing to hit the fitness industry since step aerobics. What sets these classes apart from the usual boredom of stationary cycling is the visual imagery provided by instructors. Participants are led on a "virtual"

outdoor Road Race complete with hills, valleys, straight-ways and finish lines.

ACE offers these helpful tips to make your cycling experience a positive one:

\* Spend some time on a stationary bike — endurance, built by interspersed high-and low-intensity cycling, will get you ready to join an indoor cycling class in a few short weeks.

\* Make sure to bring some essentials to your first class, including padded bike shorts to reduce chaffing and discomfort, and a full water bottle.

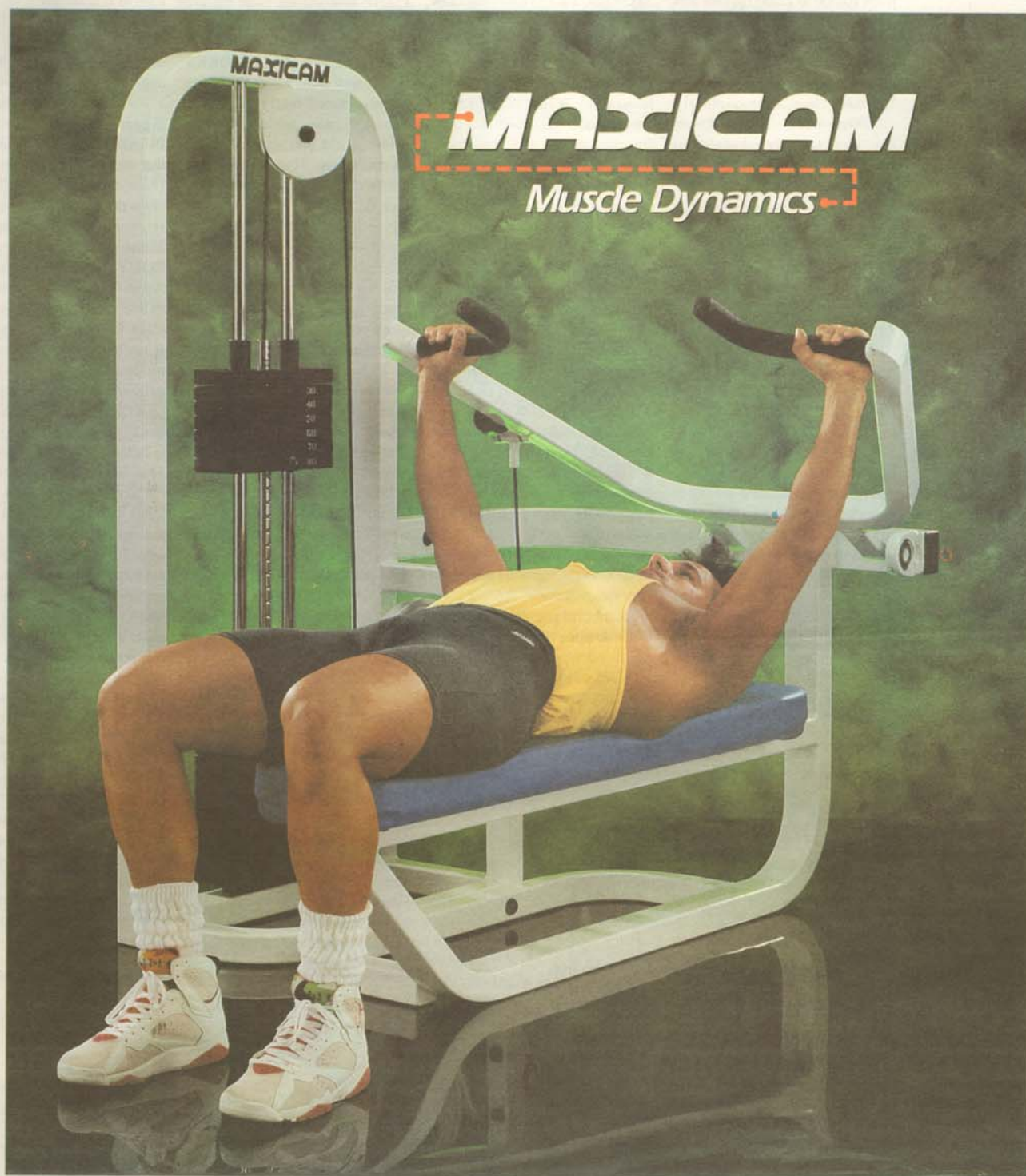
\* Ask the teacher about his/her training. In addition to specific training or certification in group cycling, instructors should have primary certification from an organization such as ACE or ACSM, and a group-exercise teaching background.

\* Know what your normal rate of exertion is before taking a class (heart-rate zone) and make sure you stay within a safe zone during the class. Or better yet, wear a heart-rate monitor to track your exertion. Monitoring your rate of perceived exertion also is an excellent way to prevent over-exertion.

\* Above all, concentrate on exercising at your own pace. Don't be intimidated by the high speeds and furious intensity of others around you in the class. Listen to your body, adjust the tension and speed accordingly, and don't be afraid to take a break by pedaling more slowly when necessary.

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# BODY PUMP TESTAMONIALS

by Norm Cates, Jr.

**Marietta, GA.** - The STEP Company based in Marietta, GA. is in the process of rolling out across the U.S., BODY PUMP, the group exercise activity conducted to music using barbells and The STEP.

We contacted two leading Atlanta Metro area club owners, Jerry Alles, the owner of a chain of six SPORTSLIFE Clubs and Tony de Leede, the owner of 17 AUSTRALIAN BODY WORKS clubs. Although these two club chains compete intensively for the same markets, they also share something else in common. That is that they are the first two club chains in America to install the very successful BODY PUMP program.

SPORTSLIFE clubs range in size from the 135,000 square foot CLUB COBB to units which are 50,000+ square feet. All of the SPORTSLIFE Clubs are multi-purpose facilities that are very well equipped. SPORTSLIFE has over 60,000 members in the Metro Atlanta area.

**AUSTRALIAN BODY**

WORKS' 17 clubs range in size from 10,000 to 22,000 square feet and are very well equipped, including the very successful CARDIO THEATER in each facility. AUSTRALIAN BODY WORKS has approximately 30,000 members. Tony de Leede has been regularly scheduled to teach aerobic classes in his clubs since he established his first location in 1982. His background as an experienced group exercise class instructor, combined with his first hand experience of having seen Les Mills' clubs in action with BODY PUMP in New Zealand, makes deLeede somewhat of an authority on this new phenomenon. de Leede is going to team up with STEP Company owner, Rich Boggs at the upcoming IHRSA Convention in Phoenix in March, 1998, to teach a Master class for club owners and general managers and a Master class for aerobic instructors, personal trainers and others that would like to attend. That class will be taught by the Master Instructors from New Zealand that have seven years experience teaching BODY PUMP.

Here is what these two seasoned club owners had to say:

**JERRY ALLES - SPORTSLIFE** - "I first time I saw BODY PUMP I was real impressed. I think BODY PUMP is going to be a great addition to our group training programs. So far, in our clubs, BODY PUMP has increased attendance in all time frames, prime and non-prime time. We now offer two classes per day in each of our six locations. I expect to be up to at least three BODY PUMP classes per day at each location by mid-January. BODY PUMP is hot with us and I would expect that club owners everywhere are going to check it out."

Alles continues, "I'd advise club owners to go for BODY PUMP and do it! I can't imagine any club operator anywhere who is serious about trying to improve their club, and not wanting to do this. Frankly, it is inexpensive in comparison to a line of exercise equipment. If you go out and buy a line of any equipment, it's going to cost you a bunch of money. BODY PUMP can be installed very inexpensively. And, look at the number of people you service! If you happen to be a single club operator dealing with a lot of competition, why not be the first club

in the market to have BODY PUMP and get an edge on the competition?"

**TONY de LEEDE - AUSTRALIAN BODY WORKS** - "The way BODY PUMP classes are structured really gives the consistency, which is what members like and want. There is no confusion. That side of it has been wonderful. Our members are high on BODY PUMP. It is going to be an excellent ongoing group program for us." Currently deLeede offers BODY PUMP at 5 of his 17 clubs. They are currently providing six classes per week per club. He is in the process of installing BODY PUMP in all 17 locations as the instructors complete their training and become available. deLeede was asked, "Is the BODY PUMP licensing fee a good value for a club owner?" His response, "I think it is because you get a tremendous amount of training and support at what I think are very reasonable rates. From a club owner's business perspective, the way I look at it, we need to be doing something to boost our aerobic attendance. There are two big group classes: One is group cycling. The other is BODY PUMP. When you look at the investment that you have to make in spinning bikes, when you buy even 25 Bikes, you are looking at \$15 to \$18,000! When you're talking about 40 BODY PUMP bars (and weights), you're talking about maybe \$1500. Of course, the BODY PUMP bars don't break down either. After a year or so on the bikes, you're replacing all kinds of parts. So, you can service twice as many people and still pay about 1/10th of the amount you might

spend on group cycling. The way I look at it is simple math. Even if I pay licensing fees for the next 10 years, it is still going to be far less expensive doing BODY PUMP than cycling."

deLeede continues, "The biggest thing I see with BODY PUMP is there is now finally a class that men feel very comfortable with. I have male managers of some of my clubs that never - I repeat NEVER - set foot inside of any aerobic class. These guys have now gone into BODY PUMP and think it is great! Another important aspect of BODY PUMP is the control provided by the class format forces instructors to give a basic-simple class and rely on motivating music and motivating delivery by the instructors, rather than fancy moves which have traditionally caused problems. The thing is BODY PUMP is very controlled. That is part of what you get from the licensing agreement. This very tight control delivers what the masses want, not just moves for what I call "the front row." It delivers for the 80% of the members who are intimidated by all this fancy footwork. Guys like the strength. BODY PUMP attracts guys because it is done with the barbells, but yet women are flocking to it as well. Our attendance in the class times in which we've installed BODY PUMP has more than doubled. Like last Thursday night at 7:30 for example. Our 7:30 Thursday night class had been drawing 5-6 attendees. Now we are pulling 30 per class! The BODY PUMP program is terrific and I'd recommend it to club owners everywhere!"

Stay tuned to The **CLUB INSIDER** News for more BODY PUMP updates!



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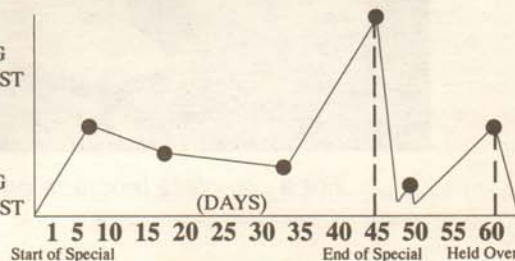
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## ...Mike Chaet

continued from page 10

PEAK  
BUYING  
INTEREST

LOW  
BUYING  
INTEREST



## MAJOR MEMBERSHIP CAMPAIGN PROCEDURES

1. Prospect card system should be set up and strictly adhered to.

2. Newspaper ads to be placed per schedule.

3. Electronic media (radio and television) ads to be placed per schedule.

4. Internal promotion flyers mailed to existing members (See Mike Chaet page 22)





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It is a magical world where everything is done for you and your only responsibilities are to yourself and your family and friends. Picture yourself dining in the candlelit intimacy of a moonlit terrace overlooking the Pacific. Imagine a world of elegant seclusion. This is a dream come true... villa life.

Villa Papagayo and Villa Isla Azul are brand new luxury villas with a full staff (cook, maid and butler) located on the gorgeous Pacific coast of Costa Rica.

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Also available are the world's best sports fishing for marlin and sails; rain forest, tree top canopy and volcano and giant sea turtle tours; birdwatching, scuba diving, snorkeling, sunset and party boat cruises, horseback riding, health club, rafting, tennis, golf and a colorful Costa Rican beach town two miles away with beach bars, a disco and a gambling casino.

An all-inclusive plan provides all your food and drink (an open bar) for one price. Mouthwatering meals, from fresh seafood to Italian dishes, are prepared daily from scratch by our talented Costa Rican cooks. The staff is there for your every need. Come to paradise!



**Villa Isla Azul features six bedrooms and six baths**



**Both villas feature spectacular, ocean views.**  
**Villa Papagayo (below) is a four-bedroom, five-bath villa.**

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Karen & Glenn Grove,  
 Mobile, AL

"The view is breathtaking. The accommodations are great. The nature is fantastic."

Jo Ann Milan, Joe & Ben  
 Loersch, Madison, WI

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# How To Set Up A Successful Corporate Membership Program

By Arman Eckelberger

Let me give you a little background on myself. I am the Director of Corporate Wellness for Australian Body Works, a chain of 17 locations, in Metropolitan Atlanta, Georgia. I have been involved in corporate membership sales for four years and have been involved in the enrollment of three hundred companies. All of the three hundred companies either pay dues directly via electronic funds transfers or pay by direct billing. Each account provides for membership for ALL of the employees of each

company. The Corporate Wellness Program that I promote has a retention rate of approximately 85% and because I enroll the entire company, I am pulling virtually all of those employees out of the market from our competitors. A secondary effect of the EFT collection or direct billing relationships we have developed with these companies is that they have displayed an increased willingness to subsidize membership costs for their employees. In the cases where the company subsidizes the membership fees for the employees, many of them utilize the savings to provide memberships

for their family and for other purchases of personal training, pro shops items, drinks, etc.

Currently, our organization is enrolling three to four companies per week with this program. This is a program that I have structured and developed with training and help from Royle Berry, a consultant for corporate sales and marketing in our industry. The information that I am going to share with you should help you to achieve true corporate membership sales success.

What Is a True Corporate Membership? A direct relationship with a company where the company pays the club via electronic funds transfers or direct billing, providing all of its employees membership access to the club's facilities. There is an established relationship with a specific high-ranking employee or owner who has taken responsibility and has made a commitment to make sure the program is a success. The company, as a whole, is committing itself financially. The company is responsible for enrolling its employees and promoting the program internally. Of course, when provided with the opportunity, we promote the program within the company as well.

The "Average Corporate Membership" In Our Industry Is Nothing More Than a GROUP DISCOUNT Which Works Something Like This: the club will offer discounted membership rates if a minimum number of employees enroll. For example, let's say five people enroll at the same time. This normally will happen with no commitment from the company at all. With no accountability in the "normal corporate membership," there is no long-term relationship because the company is not involved. The only commitment is that whoever the "in-company promoter" is, he will receive cheaper membership rates for himself and a select few associates. When negotiating this kind of program you hear of large numbers of employees who are "interested", but rarely do you enroll the minimum number that you set as the requirement for the "corporate rate." I have found this format to be disappointing

and in most cases, not worth the time and effort invested.

## 10 FOUNDATION STEPS TO ESTABLISH A SUCCESSFUL CORPORATE MEMBERSHIP

1. Put together a set structure that will be used to promote to companies. I have had success with the capitation method because it is a totally different approach and companies are willing to at least try the program. It is considered a risk sharing arrangement similar to an insurance plan. The definition of capitation is: "An equal levy among all things." What this means is that I offer a flat rate to the company to provide fitness/wellness services to all of its employees even though we both know that not all employees will participate. This is the method that works best for us. I have also heard of some clubs that charge a flat rate to the company and then the employees pay a monthly co-pay to the club when they are enrolled. Again, you decide what will work best for your club.

2. Design a proposal that can be used to present to the company executive or owner. This proposal needs to be impressive and have lots of data to validate why the company should consider investing in a wellness program. You can obtain a wealth of materials and information as a benefit of membership in IHRSA. Also, the Worksite Health Magazine and the American Heart Association are two other good sources of information and materials. As you enroll companies and begin to develop a track record, testimonials and letters of reference are often made available to validate your program. Your proposal should be designed by computer using a desktop publishing program. This allows for changes and modifications at a later date as well as providing you with the ability to customize your proposal.

3. Setting up your marketing plan. I'm often asked by people in our industry how I promote our program. One of the things I learned



Arman Eckelberger

early on through ownership of a club myself was the most cost effective marketing program can be your membership. Why try to go out and sell your concept to someone that does not even understand what your organization stands for? It makes more sense to go to your members who are owners or executive decision makers because they already understand the benefits of exercise and your club. They will be more willing to listen and give you feedback about what they like and do not like about your proposal. This is much more cost-effective than spending money on an external marketing campaign that may not have an immediate return. Also, once you've enrolled several companies and have a proven program, you should be able to get referrals from your existing corporate accounts. If you want to do an external campaign, my suggestion is to use a newsletter format that will have member testimonials and success stories about your program that you can mail to Chamber members or business lists purchased from a list company. There is a lot that can be covered in the marketing of your program. I have found these basics work the best.

4. Qualifying your first prospects to present. Something you need to do when discussing the possibilities of a corporate wellness program with a prospect is to have intelligent questions to ask them. One of the tools we use is what I call a Corporate Information Form. (See Arman Eckelberger page 26)

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# WAIVERS AND RELEASES...

## Why Waivers Sometime Fail to Protect

By Doyice J. Cotten

In previous columns, we have stated that well written, properly executed waivers, signed voluntarily by adults, can effectively protect clubs and fitness professionals from liability for certain elements of negligence in most states. Since you, as a club and fitness professional, rely upon a waiver for protection, you should know why waivers sometime fail to protect.

There are many reasons ranging from age of the signer to administrative procedures to the waiver law in a particular state. Probably the most frequent reason, however, is ambiguity in the wording of the waiver document. States are almost unanimous in declaring that waivers, to be enforceable, must clearly describe the intent of the signers. In other words, if it is not clear to the court that the patrons signing the waiver intended to relinquish his or her right to sue the club and/or fitness professional, the court will not enforce the waiver. Then the club and/or fitness profes-

sional will be subject to liability if negligence is shown. The following questions and answers should make the reader aware of a few requirements for a valid waiver:

**Question #1:** Does a waiver have to specifically use the word "negligence" within the waiver?

In some states, yes. However, in most states the courts require only that it be clear that the signing patron understood he or she was relinquishing the right of legal action if injured due to the negligence of the club or fitness professional. In thirteen states, however, failure to use the word negligence is likely to result in a waiver not being enforced by the courts. Those states are: Alaska, Arkansas, Arizona, California, Delaware, Florida, Maine, Missouri, New Hampshire, New Jersey, New York, Texas and Wisconsin. While the word "negligence" is not required in most states, its use will reduce ambiguity and increase the likelihood of the waiver being overturned.

**Question #2:** If the word "negligence" would improve all waivers, why doesn't everyone use the term?

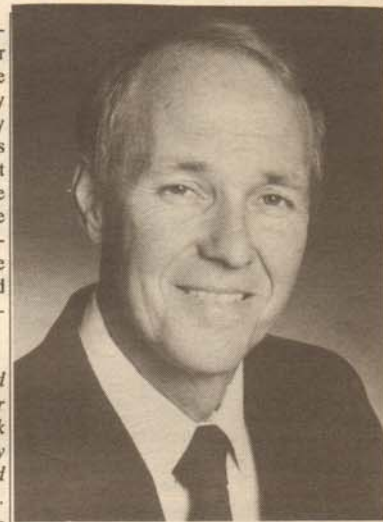
Two reasons: most people writing waivers are unaware of its importance and many are afraid that the word will make potential patrons less willing to sign a waiver.

**Question #3:** I realize that there are many guidelines for writing waivers, but when boiled down to its basic ingredients, what should be in every waiver?

There are four basic ingredients. First, the waiver should specify the consideration provided for by the contract (In consideration for being permitted to use Valley Health & Fitness Club, I (My Name) release Health & Valley Fitness, Inc., its owners, its employees and agents from...). Third, the waiver must name the parties who are relinquishing their right to sue by virtue of the waiver (I, on behalf of myself, my spouse, my heirs, and my assigns, release...). Fourth, the waiver should specify what is being waived. (...release Valley Health

& Fitness Club....from liability for injury, death or loss suffered by me caused by the ordinary negligence of Valley Health & Fitness Club, its employees or agents). It is important that the reader realize that while these four elements constitute the basics of the waiver, much less should be included to help to insure validity.

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



**Doyice Cotten**

ing waivers, and 3) suggestions for administering waivers. They may be contacted at Doyice J. Cotten, Sport Risk Consulting, 403 Brannen Drive, Statesboro, GA. 30458; Phone (912) 764-4848; E-mail [doyice@gsaix2.cc.gasou.edu](mailto:doyice@gsaix2.cc.gasou.edu).)

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# NEW YEAR PLANNING CHECKLIST FOR SUCCESS

By Brenda Abdilla

## FOR CLUB MANAGERS:

- Maximize your main promotion.
  - Use same design and offer in auxiliary advertising efforts (like news ads and inserts, etc.)
  - Use same design on posters (where appropriate).
- Call two local newspapers and television stations and offer your expertise/facility for their New Year's resolution stories.
- Have the staff call every member to inform them about the referral program (give the list to all staff members with a script).
- Start an employee referral program to encourage the staff to bring you potential employees.
- Have a personal meeting with each sales representative to discuss January goals and leads.
- Create a previous member mailer. Follow-up mailer with a call.
- Have team call all old prospects during the first week of January and make them a special offer which expires January 31, 1998.
- Set a mid-month goal/incentive to make sure team is tracking where they should be.
- Do the math:
  - Figure exact budgetary expenditure
  - Figure December ratios and apply to January plans
- Share the math with the team

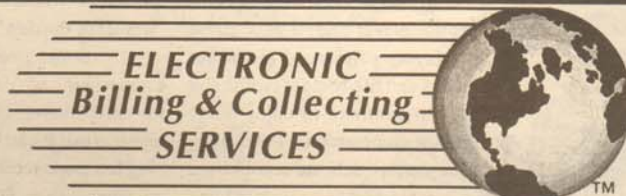
## FOR SALES REPS:

- Make 25 contacts per day.... regardless.
- Take 5 motivational minutes per day.
- Ask..... Is what I am doing now going to result in a sale?
- Complete paperwork immediately (or same time every day).
- Reach 5 key decision makers per week.
- Track my performance everyday.....closing ratios, etc.
- Book 70% of my incoming calls to appointments.
- Confirm 100% of my appointments for a 90% show rate.
- Close 60% of my appointments on their first visit.
- Close 30% of my walk-ins on their first visit.
- Use all down time to organize files, leads, calls and to-do-list.
- Get life organized too (car, home, etc.)
- Spend 10% of January setting up February.



**Brenda Abdilla**

(For additional information, please contact Brenda Abdilla, Club Profit Systems, at (800) 448-0180.)



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# THE EX-PLAYER SYNDROME

By Spike Gonzales

I often ask tennis players and administrators to try to "think out of the box" and recognize how our management of the game has fostered the extremes of ego-orientation among our players. Doing so, I am frequently faced with the stone-wall stare reflecting, "Where does this guy come from?" I might as well be telling a medieval farmer the world is round!

Nowhere in our tennis culture is the ego-orientation best exhibited than when you come across a former collegiate or tournament player who doesn't play any tennis at all anymore. These play-

ers commonly say, "I don't have time (or desire) to keep my game up."

Tennis is the most wonderful activity for recreation, diversion, exercise and social interaction. Yet many of our most competent in our sport stop playing because of some ego-related standard they've set for themselves. They no longer can beat their old competitive peers or the new group of younger players, so they stop playing. They measure the worth of the activity according to who they can beat!

Because of their handicapping system, golfers find challenge and excitement with almost any player pairings they make. Golfers play to see who's

going to "have the better day;" tennis players play to see "who's the better player." Golfers have a mini-challenge with themselves every time they play: "Can I beat my average score and increase my chances of beating these guys?" Tennis players simply play to outright beat other players; and when their challenge is lost, or is simply too steep, some stop playing altogether.

The competitive tennis player is faced with a further dilemma presented by our ego-oriented culture. The normal medium to unleash our competitive juices is tournament play. Unfortunately, there are numerous logistical vagaries to tournament play. You don't know whether you'll play one match or five in a weekend. You don't know exactly when you'll be playing your matches, due to weather conditions, scheduling nuances and variable match lengths. Sooner or later none but the most fanatic of our sport's enthusiasts will sacrifice their career or family lives for the excitement of competition.

At best, the former competitive player finds a small cadre of playing partners of his or her calibre and life-balance profile and gets to continue to enjoy some weekly competition. Frequently, though, this delicate equilibrium collapses and the player stops playing altogether. How often I've heard, "I stopped playing when my regular game fell apart!" This doesn't happen in golf. Because of the handicapping system, golfers have expanded options for playing

partners who will give them an unpredictable outcome, experiencing the fun of competition every time they play.

With an appropriate handicap system our competitive tennis players will not only expand their playing partner base, they will experience what golfers always can - that feeling of competitive excitement in their everyday recreational play.

There is an irony that handicapping would give us better competition, but would also significantly diminish the ego-orientation in our game. A handicap system providing for current and narrow-level player ratings would first of all diminish the status-labeling of our present NTRP system. Secondly, and most importantly, it would divert players' focus from proving who is the better player to the concerns of simple "recreational" competition to see who can become the "winner of the day."

Some people say that handicapping would make tennis too competitive. The fact of the matter is that the lack of handicapping has made recreational tennis too competitive. For those wishing to have a competitive outlet, tennis often loses its appeal, and they give up on a great healthful activity. Bringing a handicap system back into the game (as it was in the inception of the sport) will



**Spike Gonzales**

greatly improve the appeal of tennis, especially to our more skilled players!

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

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

## ...Mike Chaet

*continued from page 16*

with cover letter.

5. External promotion flyers mailed to prospects (old and new). Should include newsletter or brochure or cover letter.

6. External promotion flyers mailed to club guests with cover letter.

7. Follow-up telephone calls should be started.

a. To existing

prospects. b. To new prospects as they become dated.

8. Existing members should be called after the internal promotion material is sent out.

a. To invite them to the open house. b. To ask if they have a friend that might like to join. Bring the promotions to their attention.

9. Upon joining, every new member should be told of the internal promotion and asked if they have any friends they might like to sponsor under the promo-

tional programs.

10. Results of internal promotion should be posted for members to see (Newsletter, bulletin boards, etc.)

11. Thank you notes should be sent to member sponsors.

12. Membership upgrade promotion should be sent out.

13. Start open house plans.

*(Mike Chaet, Ph.D. is the Founder and President of CMS (Club Marketing and Management Services, Inc., a Helena, Montana based club consulting firm). CMS may be contacted at: (406) 449-5559.)*

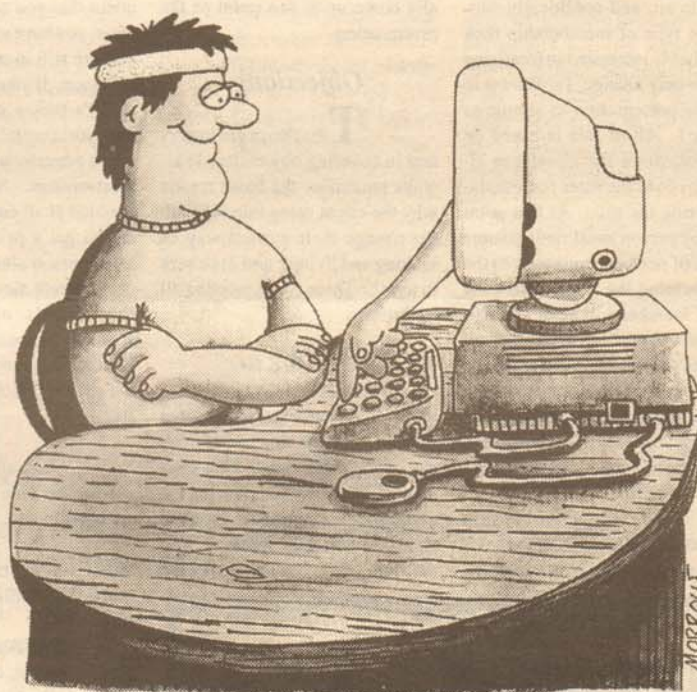
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# 1998 CLUB INSIDER News Editorial Content

In addition to reporting the latest club news first, **THE CLUB INSIDER** News will cover many important industry topics during the year. Listed here are a few of the topics we will cover. We welcome your suggestions and participation.

• Top Club Success Stories • Fitness Certification Organizations • Club Renovations and Expansions • Human Resources Issues and Ideas • Multiple Club Management Ideas • Sales Training Pros and Training Programs • Hospital Health Clubs • Fitness Pro-

gramming • Family-Owned Clubs • Women's-Only Clubs and Issues • Club Shopping - A How To Blueprint • Wellness Programming & Medically-Based Club Programming • Personal Training - A Business Within Your Business • Weight Management Programs • Creative Membership Retention

Ideas • How To Successfully Plan and Open A Club • Small Club Marketing • Strategic Business Planning • Corporate Fitness Facilities • The Mind, Body, Spirit Movement • Youth Programming For New Profits • Club Capitalization - How To Make It Happen • Tennis Issues and Answers • Pro-

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## ...Scammelhorn

*continued from page 12*

better, then price will not be a true objection.

Again, during the price presentation, the sales person must control the situation. For example, enthusiastically direct the client where to sit, and confidently suggest the type of membership they are probably interested in (realizing that this may change, I still want to keep the presentation as simple as possible). All of this is based on the information the client has already given to the sales representative during the tour. At this point the sales person must now assume the role of personal counselor to the client-helping the client select the type of membership he or she will be most comfortable with. I want the sales staff to be confident in the belief that the client wants to join and that all that is left is to find a way to get the new member started on a new, exciting, more active and healthy lifestyle.

Once the membership rates have been presented, the sales person can now focus on one of the

more pleasant aspects of the club - getting the new member started on his or her exercise program. At this point, the sales staff should point out that it is his desire to get the client involved in an exercise program as quickly as possible. Next, the sales representative should get the client to set a date and time to begin his workout. If there is an objection, it will usually come up at this point of the presentation.

### Objections

Two things are important in covering objections: 1) always remember the basic reason why the client came into the club (to change their current way of looking and living); and 2) be sure to use the Three A's in meeting all objections.

### The Three A's are:

**A**gree: always agree with the client's objection. You say, whoa there fella! That goes against the grain of convincing the client they are wrong and you are right. Technically speaking, you are right. But, you risk losing the

sale in arguing a point. So who ultimately wins? I realize that this concept is heresy in most sales presentations, but from a behavioral point of view (there I go with that psychology again), it restores control back to you. And besides, it works! When you agree with the client, all you are doing is telling them that you can see your side of the issue. When you do tell the client that you see his side of the issue, you have validated him, thus you are still in control of the presentation. If you disagree with the client's reason or objection, you have lost control and you have set up an adversarial environment or relationship. Something to be avoided at all cost. For example, if you get a price objection, the sales person should immediately demonstrate sincere empathy for the client's money concern. Money is important to everyone. That is how simple agreeing with the client is. Now comes the next step.

**Appeal:** to show the client another side of the issue they are objecting to. If you have done a good job of listening to the client's concerns, they will be more than willing to hear your side.

The Appeal can go several directions, depending on the cues the client has given you. But for the sake of simplicity, let's assume the client is concerned about committing to the monthly fee for a period of one year. At this point it is important to realize that the initial cost is not the problem, it is the long-term commitment that is the objection. The Appeal should focus on convincing the client that his decision to make a change in his current lifestyle by just being here is the correct decision. Re-emphasize the Service aspect of the club: the club's exercise staff and the programs you have pointed out on the tour are designed to help the client, soon to be a member, realize his health and fitness goals. Agree with him that money is important, but more importantly (Appeal) think of the small amount of money the client will spend, to

take the big step to a new, exciting and healthy lifestyle. He will not regret that decision.

It is important that the sales staff realize that the objection is not money. The objection is the fear that the client cannot meet the commitment to a more active lifestyle. Do not make the mistake of thinking that money is the objection.

**ASK:** This means asking the client if they can see the other side of the issue. Simply ask, "Don't you agree?" This is the ask portion of the Three A's. If the sales staff Agreed properly, and Appealed by using information that the client has already committed to, then Asking the client if they see the other side is all that is necessary in overcoming the original objection. For example: The objection to a long term monthly commitment issue is more of a concern as to the client's ability to commit to a fitness program and not the monthly fee. Isn't that true? The answer is obvious and thus, the objection has been overcome.

If you notice, all Appeals are fitness-focused, which is my first point in overcoming objections. Too often, clubs make the mistake of becoming a price discount club in closing a sale. The assumption in a price discount is that the reason the client is objecting to price is that the client 1) can't afford it, which may be true and nothing can be done about that or 2) the client has gained control and forced the club's sales representative to defend the price, or worse, agreeing that the price is too much by offering a discounted membership. Both options are losers and are to be avoided if you are going to establish an unshakable membership confidence: an essential objective for long term viability and profit.

It cannot be emphasized enough: fitness is the reason the client is there. Most objections revolve around the need of the client to be sold on making a com-

mitment to join a fitness center and start immediately on a program that will help him - the client - to feel and look better.

If your sales staff follows this plan, the conclusion of the price presentation will be one that celebrates the decision of the guest/client in becoming a new member. And, all that is left is to take the new member through a proper orientation that is designed to help him reach his goals. Simple. Ultimately, what you want is to have each and every new member walking out of your club telling everyone about how great his experience has been.

### Conclusion

Something I was taught fifteen years ago still rings true today. Whenever a client walks out of your club, a sale took place. Either you sold him that he had made the right choice in joining or he sold you that he did not need to change his current lifestyle and did not need to join. Or, as many of us have come to know and understand, the guest came in for the purpose of joining the club, and the sales staff talked him out of it. Both of these messages are still true today. The philosophy toward the client's intention is still true today, yet fitness centers still make the mistake in not training their staff to focus on the reason the guest or client come to visit in the first place.

It is my intention to help all clubs to more effectively close or sell each and every person who takes the initiative in visiting a credible fitness center. There can be no better reward than helping those who want to be helped.

*(Jack Scammahorn is an active consultant for Professional Club Management, Inc. (PCM). He has owned and managed several comprehensive fitness clubs. His expertise is in helping clubs turn a profit through meaningful client service and focused sales control. In his spare time, Dr. Scammahorn is also a school superintendent.)*

Norm Cates'  
**THE Club Insider**  
NEWS

**Seeks  
 Contributing  
 Writers**

**Contact: Norm Cates, Jr.**  
**770/850-8506**

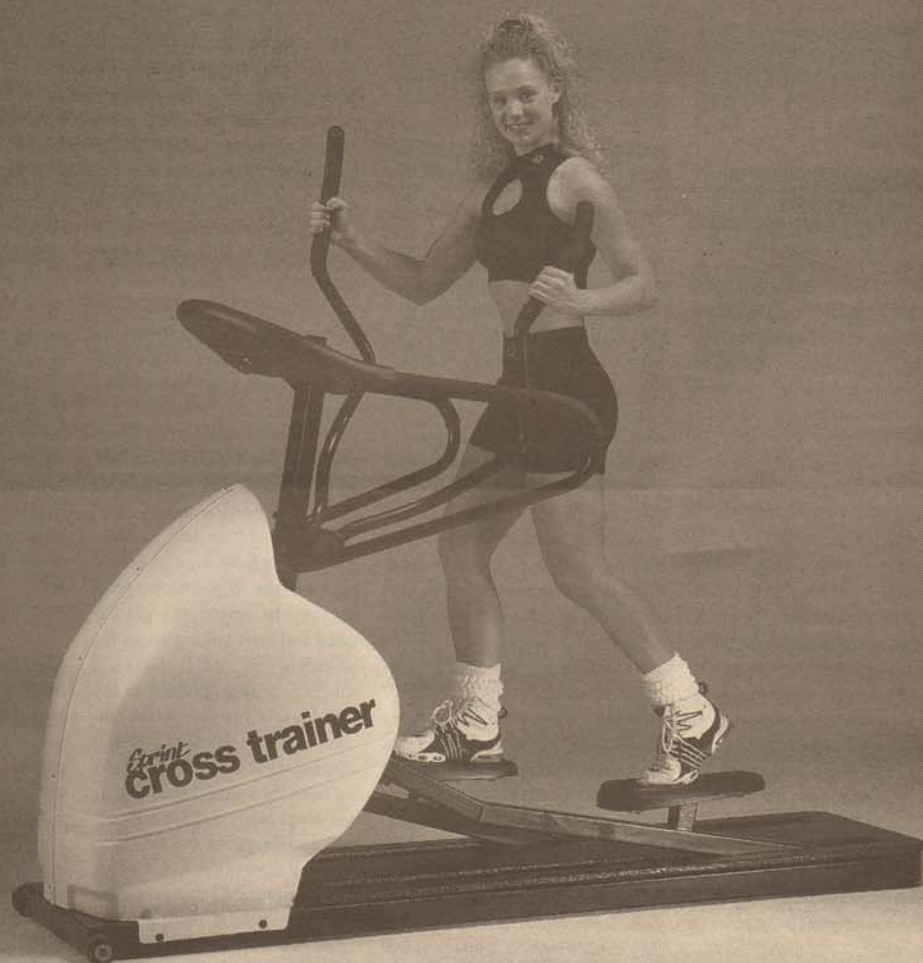


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# Sales Makers Checklist For A Powerful New Year

## 1. TIME MANAGEMENT, TIME MANAGEMENT, TIME MANAGEMENT

Average sales personnel in this industry spend 30% of their time touring and selling, 16% in actual prospecting, and 54% doing other things. Look at your job description for the membership staff. It should require 60-70% of their time in quality prospecting. Train sales staff members to be professionals, not just order takers.

## 2. SET GOALS & REWARDS

We are in a positive growth industry. Set goals of a 10 to 30% increase and reward your staff with TEAM bonuses for achieving their goals.

## 3. 12 DAYS OF FITNESS

An original Sales Makers idea from 1979 that is the most effective low-cost marketing concept guaranteed to increase guest traffic during December and January if properly managed. Mail to members and take on systematic outreach in wrapped packages.

## 4. PRACTICE PROFESSIONALISM FOR INCOMING TELEPHONE INQUIRES

This is important from the front desk staff through the membership staff. Teach proper phone technique for answering phone calls.

## 5. SALES TRAINING

Sharpen your staff's skills with intensive training and practice. Make sure these sessions are professional and deal with im-

proving sales skills. These should not be administrative meetings.

## 6. PREPARE THE OFFICES

January is the biggest sales production month of the year. Have all the necessary materials and folders ready prior to the start of the month. This helps the sales staff to stay organized and increases their professional image. Remember time management.

## 7. FITNESS DEPARTMENT IN HIGH GEAR

The fitness department should prepare for the increase in traffic. We don't just want January members, we want long-term customers.

## 8. DIRECT MAIL

To be effective any direct mail pieces must be mailed on time. Remember December printing sometimes takes longer and any December bulk rate delivery is purely 'guess-timation.'

## 9. CONTACT PREVIOUS GUESTS WHO DID NOT JOIN

Remember that New Year's resolution is our ally and this might be the right time for them to get started. Direct mail and a motivational phone call can play a major role here.

## 10. PREVIOUS TELEPHONE INQUIRIES WHO POSTPONED TOURING YOUR CLUB. SEE #9.

## 11. PREVIOUS MEMBERS

Pat Lawler of the Women's Club in Missoula, Montana had the university do a research study of previous members. 80% said they were happy overall with their club experience.

## 12. MOTIVATIONAL CALLS

Most new members in January are non-regular exercisers. No excuses are allowed!! The new member requires and deserves all the attention and motivation necessary to make them a happy, referring, renewing member.

Done properly this is the most efficient process for achieving and exceeding your 1998 goals!

## ...Eckelbarger

*continued from page 18*

On this form I have basic questions that I can ask to get information from the prospect to close them, just like you would do if the person walked in asking for an individual membership. The questions we use are similar to these:

- How many full time employees are in the company? How many part-time?

- If we were to help you with a wellness program, who other than yourself would be involved in the final decision making process or how does your company make a decision on a purchase like this?

- Does your company have a budget for a wellness program? If so, how much have they budgeted?

- How much support is the company willing to provide to make the program a success? It can be financial and emotional.

- Does the company offer any Employee Assistance Programs, like stress management, smoking cessation, etc.?

- What kind of benefits would the company like to see with a wellness program?

Over time you will find that you can add or delete more questions to help with your information gathering. The questions shown above should help you get started.

5. Making your corporate presentation. My rule of thumb on doing presentations is this: if you are making a presentation to someone that is a member and the presentation is being given at your club, wear your regular staff uniform. The reason for this is because it is your environment and it is what the member will be comfortable with. If you meet the member at the club wear-

ing a business suit, they may feel that you are really going to pour on the sales pressure. If, on the other hand, you are going to make your presentation at the company site, I strongly suggest that you dress very professionally in a business suit. When you go to the company's place of business you want everyone in that company to know you are serious about your program and are willing to take the extra steps to prove it. If you come in wearing your staff attire you may be viewed as someone interested in selling memberships versus offering a company wellness program. You need to be viewed as a business person. Your presentation should be no longer than 17 minutes in duration. Anything longer than that you will find that the person you are speaking to may be distracted and begin to lose interest. Your goal in the presentation is to find out if the company is genuinely interested and what information you will need to provide them about going ahead if they cannot make a decision at that time.

6. Creating and promoting interest in the prospective company. The most common request the decision maker will have concerning proceeding with your program will be the inevitable. "What kind of interest is there within the employees of the company?" The decision maker will often wish to survey the employees to ascertain the level of interest. In my opinion, this is one of the most understood and overlooked areas that a corporate salesperson has to deal with. The prime question is, who will design and prepare the survey? The company or you? In the past, I've allowed the company to do it

and in most cases, there was never a good response. Why? Because when the company does the survey they usually send out an email or black and white piece of paper that is basically asking them to participate in the program and how much money they would consider contributing. From this experience, I've found that it is best if I am able to customize and print the surveys for the company. In most cases, when I am able to do my survey for the company, we end up doing business. If you have a good survey, the employees get excited and start talking about the possibilities and it makes it tougher for management to say no. Plus, if you can do the survey, you can usually obtain a commitment from the company on what they would be charging the employees if there was adequate interest in the program. You still need to define what "adequate interest" means to the company before the survey is done.

The most affordable way to do surveys is to use desktop publishing on your computer and utilize a laser printer, preferably 600 dpi. I suggest that you use some photographs and 2 color or full color design to improve response. The next question is what to put on the survey? My suggestion is the company logo, photographs with quotes explaining the service, an explanation that this is just an interest survey that the company is doing, who to return the survey to, a 'return by' date of when to give the completed survey back, a bulleted description of what services the employee will receive by participating in your corpo-

rate wellness program, what is not included in the program, what the maximum investment per pay period would be if the employee were to participate, a statement saying that family members can be added for a small additional fee, a place for the participating employees name and date, who to contact in the company for further questions with a phone number and last of all, a map of how to find your facility or facilities. I also use a glossy coated paper because the photos reproduce better.

7. Design a Corporate Membership Agreement (Contract) for the company. This can be a tedious task but is a must if you are going to work with companies. You will find that the company will go over the agreement, in most cases, very thoroughly. You will also find that companies will request an agreement because they do not want to have any misunderstandings once they have made a commitment to you and your club(s). You should explain the structure of the membership in a clear, concise manner. The easiest way to approach this task is to work off your club's individual membership agreement and design it on a computer desktop publishing program. That way you can always make changes and updates and reduce expensive printing costs.

8. A system for implementing the program in the company. You will need to provide support materials for what the company contact person needs to do to enroll the employees. I suggest that you provide as many brochures or informational pieces as

you can. The most common pieces are maps, aerobic schedules, personal training brochures, welcome letter, flyers, etc. Suggest to the company contact person to put the information together in packets for each employee.

9. Be prepared to offer a report system for the company. One of the most common reports would be a monthly or quarterly usage report. If you can, provide information on employees that have lost weight, reduced body fat, lowered resting heart rate or blood pressure, reduced cholesterol, etc. That data will quickly justify your wellness program and probably a rate increase in the future. Companies just want to make sure their resources and money are not being wasted.

10. Prepare staff to roll out the red carpet for every new corporate member. To build a strong-long-term relationship with any company, use the ideas above as a guide. If challenges arise in the future, the company will be more willing to listen and work with you. Plus, you will have more opportunity for add-on services such as: family memberships, personal training, childcare and most of all, more corporate referrals! As you enroll companies you can put up a display welcoming your new corporate members. This will create good will and establish your Corporate Wellness Program as a success in the community.

*(Arman Eckelbarger is the Director of Corporate Wellness for Australian Body Works, a 17-club chain located in Metropolitan Atlanta, Georgia.)*



What are your needs in a

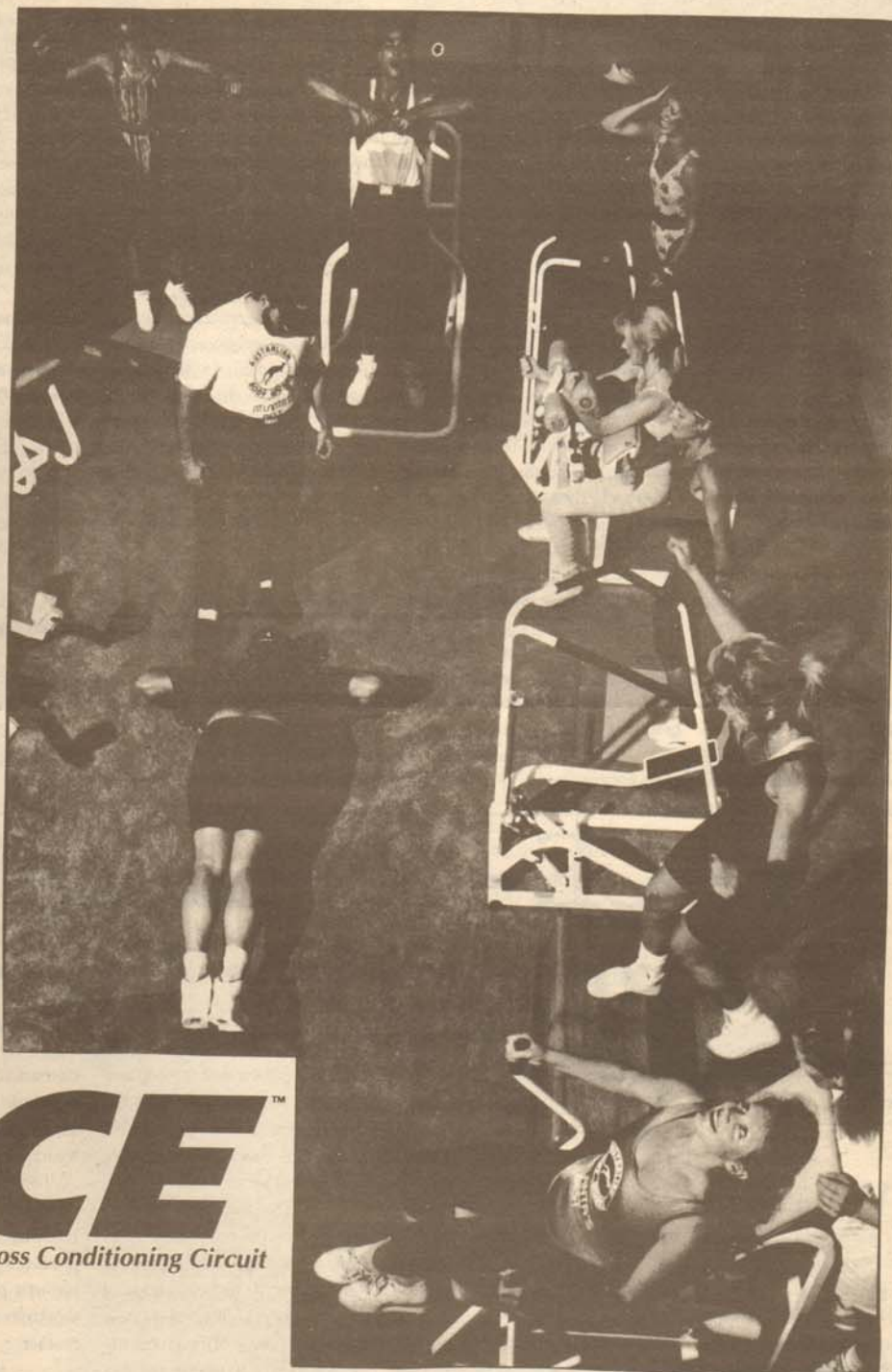
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# Life Fitness Endorses FitLinxx As Industry Standard-With New Agreement

**Chicago, IL.** - Life Fitness and FitLinxx, the two industry leaders in fitness networking, announced that they have entered into an agreement to unify the standards for fitness networking. Life Fitness is committed to the widespread adoption of this powerful technology and will support the FitLinxx standard. The announcement was made at a press conference during the Club Industry Trade Show in Chicago on November 13, 1997.

Fitness networking links a fitness facility's cardiovascular and strength training equipment to a computer, allowing users to track workouts, providing fitness staff and trainers the ability to prescribe and track member and staff performance, and documenting outcomes that help fitness, health and wellness facilities extend the healthcare continuum.

Life Fitness, the company that pioneered fitness networking with the Lifecenter net-

working system, and FitLinxx, creator of the industry standard FitLinxx Interactive Fitness Network, believe they will better serve the needs of the industry and expand the market for this powerful technology by collaborating to support one standard.

"Since we started development of the Lifecenter in 1990, Life Fitness has been committed to providing the fitness industry with the best networking experience," explained Life Fitness President, Augie Nieto. "We recognize that it's time to take this valuable tool to the next level - connectivity to all vendors' equipment - and that the numerous alliances FitLinxx has with manufacturers makes it ideally positioned to achieve this goal. Both companies can now focus on their core competencies: FitLinxx on expanding the reach of fitness networking and Life Fitness on providing equipment with unique integration capabilities like digital heart rate and superior integration with the FitLinxx network."

"This agreement is a watershed for the industry," commented

FitLinxx President Keith Camhi. "Both Life Fitness and FitLinxx have seen that this category provides extraordinary benefits to exercisers, and can help the industry attract a broader market base and retain members longer. Life Fitness' support of one standard will greatly speed adoption of this powerful technology."

In addition to supporting one networking standard based on the FitLinxx networking system, the two companies will work together to ensure the compatibility of Life Fitness cardiovascular and strength equipment with the FitLinxx network. Life Fitness equipment allows two-way communication with the fitness networking computer, which will provide enhanced functionality when used with the FitLinxx network. Users will not only be able to track their workouts, but also can have the network preprogram any piece of Life Fitness equipment with the settings from their last workout. Life Fitness will continue to invest development

resources into extending the network capabilities of its products to provide enhanced features and superior integration.

As part of the agreement, Life Fitness will continue to support Lifecenter customers and offer a future upgrade path to allow them to benefit from the new system and open standards.

"Our current Lifecenter customers have been asking for enhanced connectivity through a single standard and increased functionality, so we're confident they will share in our excitement about this agreement," said Nieto. "We want to assure customers that they can rely on Life Fitness for continued support and a future upgrade path to take advantage of the new FitLinxx system."

Life Fitness will continue to sell and support Lifecenter in markets outside the U.S. where FitLinxx is not yet available. Life Fitness will encourage U.S. fitness networking customers to consider upgrading to the FitLinxx solution. Customers purchasing Lifecenter

outside the U.S. will be offered an upgrade path to FitLinxx when it becomes available in their respective countries.

Additionally, Life Fitness has made a financial commitment to assist FitLinxx with timely completion of engineering integration and compatibility and to ensure a smooth transition for the installed base of Lifecenter customers.

"It is rare to find a company with the strategic insight to move from their own solution to helping unify a standard for the benefit of the industry," stated Camhi. "By making this move now, Life Fitness is not only helping itself and its customers, but helping the industry more broadly. From the number of sites installed so far, it's clear that fitness networking has the potential to greatly expand the fitness industry. Life Fitness' endorsement of FitLinxx is beneficial for the customers and for our partner companies on the FitLinxx network."

## PACE - The Group Exercise Program For Every Body

By Rande LaDue

**W**hile it is true that the term "group exercise" is a fairly new buzzword, it is no secret that group programs have been used by fitness facilities for many years under many different

names (dance aerobics, step classes, cycling, etc.). However, some of these names intimidated many people who felt too uncoordinated or out of shape to participate. "Group exercise" sounds much less intimidating and more inviting.

People enjoy working out with their friends, especially those in the same shape as themselves. The instructor provides the motiva-

tion, inspiration and supervision while the participants feed off the energy of a class. Group programs make excellent retention, referral and service tools.

The problem with most group exercise programs, however, is that they are designed for the already fit member and tend to intimidate potential new members. Can you imagine what an overweight 50 year old person might think when seeing the skinny seats on the group cycles or hard bodies doing choreographed movements in the aerobics room? The PACE Group Exercise Program is designed not only to be an excellent workout for fit members, it is also a very non threatening program for the

deconditioned, overweight and senior markets. Because of the accommodating nature of it's unique hydraulic resistance, there is no skill or coordination necessary and no muscle soreness; PACE is a non-intimidating, inviting program that produces great results quickly. An ultra-fit person can get a terrific workout - and so can their grandmother!

Rande LaDue, owner of Pro\*Fit Enterprises, National Distributor of PACE says PACE has also proven to be an excellent profit center for clubs that charge an extra fee. "Some clubs use PACE as a separate membership, often as weight loss programs. Others use PACE as an upgrade into their "Gold Memberships". One such

customer, the Merced SportsClub in Merced, CA., is just beginning both such programs at press time. General Manager Peggy Hollister says, "we are looking forward to servicing a segment of the community that may have been too intimidated to come in our doors in the past. We will also be using PACE as a part of our full-service membership. We are looking forward to the extra revenue that PACE will generate."

Those interested in more information on a PACE Group Exercise Program are invited to call PRO\*FIT Enterprises at 888-604-2244. Visit their website at [www.pacepro-fit.com](http://www.pacepro-fit.com).

**MAKE  
IT  
FUN!**



## ...Med Ex

*continued from page 3*

the deal with the investors, made Jim Flanagan one of the owners of the company and a member of the Board of Directors of MED X.

It could not have happened to a guy who deserved it more. Flanagan has paid his dues with Nautilus and MED X and is extremely well liked and respected by his peers in the medical and fitness industry.

With the purchase by Life Fitness of Hammer Strength, several of the Hammer Strength distributors decided to move on. Contact was made to set up a meeting to explore possibilities of representing MED X in various territories around the country. The Life Fitness acquisition of Hammer Strength occurred on November 11th. On November 13th, Tom Grace, Dave Karsten, Tony Tribolet and Mike Hamill joined Jim Flanagan and MED X. Joe Cirulli will continue as a distributor for the Southeast and Northeast territories.

The fact that MED X is

now a debt free company with lots of space to grow in manufacturing was important to each of these guys. The fact that they had formerly represented the best plate loaded equipment company in the business at Hammer and that now they could represent the best selectorized machines in the business (in their opinions) weighed a lot in their decisions. The fact that this opportunity was a perfect fit for a company like MED X poised for major growth entered into their thinking. And, the fact that Jim Flanagan, a friend of each of them for years, made it a perfect fit.

Now that MED X has developed a world class team of independent distributors who know the U.S. marketplace inside and out, expect to see huge gains by MED X in the market place. Expect to hear from these independent distributors. And, above all, if you have not given MED X a try, do so as soon as you can because it is smooth as silk and might just be the finest selectorized weight training



**(L to R) Tony Tribolet, Tom Grace, Dave Karsten & Mike Hamill**

product in the world today.

The fitness industry is in a rapid state of change and "onward thinking" like Jim Flanagan displayed with this great plan is going to help the in-

dustry overall. Congratulations to MED X and Jim Flanagan and his new team of independent distributors for taking a major change and rolling with it! Best of luck to everybody involved at MED X, Life

Fitness and Hammer Strength! And, special regards to Tom Proffitt, who will stay on with Hammer Strength and head up their High School and University Division.

## Distinguished Woman...

*continued from page 5*

There were 35 women nominated for the awards from all over America.

The Industry Enhancement Award was awarded to Terry Ferebee Eckmann, M.S., Director of Wellness and Community Education, Trinity

Wellness Center, Minot, North Dakota.

There was a tie for the Entrepreneur of the Year between Robin DeSimio, owner of Optimum Rehabilitation Center, Brenham, Texas and Beth Jeffers, owner, The Fitness Fac-

tor, Columbus, Mississippi.

The winner of the Business Woman of the Year honor was Jill Stevens Kinney, owner of 8 - Club One facilities in San Francisco, California.

Congratulations to all of the winners and nominees for these

special awards. Also, congratulations to CLUB INDUSTRY MAGAZINE and Donna Loyle for development of the idea provided by Vision In Action devotees, Karen Woodard and Janet Lossick. And, thanks to Life Fitness for sponsorship of the Awards breakfast.

## Norm's Notes...

*continued from page 5*

**MOORE** and the citizens and City Commissioners for stopping dead in its tracks a local hospital's plan to build a \$9 million wellness and fitness facility!

**RAY WILSON** and **ERIC LEVINE** together with their joint venture partner, **First Pacific Davies**, continue to push hard on their Asia-Pacific Rim developments with their second and third locations now in pre-opening sales in Hong Kong. They are planning to pre-open their fourth Hong Kong location in early 1998. First Pacific Davies is a subsidiary of First Pacific which is an Asian holding company that grosses over Seven Billion Dollars (US) per year. Their plans are to immediately have four Hong Kong locations, each less than one mile from the other, on the "island area" of Hong Kong. These locations are each over 30,000 sq. ft. and each have over one Million Dollars (US) in fitness equipment. Also, each of these four loca-

tions require leasehold improvements of between one and a half to two Million Dollars (US). Ray says that they intend to build eight more Hong Kong locations in the surrounding suburban areas off of the "island." Those units will vary in size suited to the size of individual markets they will be serving. Also, they are proceeding with their march across the Pacific Rim with the pre-opening of their first club in Singapore and soon in Manila and else were. Ray says that their biggest challenge will be finding good people to grow the Pacific Rim market. Also, Ray told me he is going into the Tampa, Florida area with his son **PERRY WILSON**. They have signed a deal for a new club that will be 31,000 square feet. Ray states that he is also interested in acquiring clubs in the Tampa Bay area in the immediate future. Ray has given 24 Hour Fitness (the fastest growing health club company in the world) an option to buy the Tampa area chain once he and Perry have developed the market. Ray and Perry are still stock holders in 24 Hour Fitness and Ray sits on the Board of Di-

rectors for that company and is an advisor to Mark Mastrov the CEO. Ray and Eric Levine have big plans in the Orient and Ray and his son, Perry, also have big plans for Tampa and my guess is the Southwest. Ray Wilson is still moving amazingly fast! What is truly hard to believe is that the MAN is less than three months away from turning 70! He looks and acts like he is 40!

IHRSA/Athletic Business will hold its Annual Sales, Marketing and Programming Convention and Trade Show in Orlando, Florida, December 3rd thru 6th. To register call IHRSA at: (800) 228-4772.

**SEHRSA - The Southeast Health, Racquet and Sportsclub Association** will conduct a meeting at IHRSA Orlando, December 5, 1997 at 2:30 p.m. at the Peabody Hotel. Great news from SEHRSA's **GOEFF DYER** who informed me that the Association has received the \$5,000 pledged by **LEE HILLMAN** on behalf of Bally Total Fitness. Special thanks to Lee and the approximate other

55 club groups that have joined in the effort to repeal the Florida sales tax law at the upcoming State Legislature meeting in April, 1998. Good luck folks!

**EDITORIAL CONTENT and CALL FOR NEW CONTRIBUTING WRITERS** - In this edition I've listed the Editorial Content for 1998 for the **THE CLUB INSIDER** News. I invite any expert in a particular area to step forward and write articles relative to these subjects. In case you have not noticed, our publication is strongly supported by writers from the industry that contribute their time and energy to write informative articles on a variety of health, racquet and sportsclub topics. Call (770) 850-8506 to discuss the possibilities.

Congratulations to **TIM** and **LIZ RHODE**, the owners of the **Maryland Athletic and Wellness Center** in Baltimore, Md., as they celebrate the 1st Anniversary of their new facility! They have made many terrific moves in the development of the upscale facility, including hiring **RICK CARO** for the feasibility studies and site selection and the person that may be one of the

world's most terrific Wellness Director's, **LAURIE CINGLE**. Laurie won the IHRSA/Cybex Fitness Director of the Year Award in 1992 and was instrumental in the turn-around of the Houstonian in Houston, Texas. The Rhode's are planning for an expansion of the new facility already! Good luck for the future Tim, Liz and Team!

**KEN LUCAS**, the National Sales Manager for **Strive Enterprises** tells me that the company has completed a major expansion of their factory facilities and that will aid the company in keeping up with their many new orders! Congratulations Strive!

**JULIE BOORSE** of Sports Club Management, Inc. has announced that **KATHY SCHILLING** has been named Executive Director of the **Springfield Racquet & Fitness Center** in Springfield, IL. The 60,000 sq. ft. club will undergo a \$2 million expansion adding a gymnasium, basketball court, climbing wall, indoor pool, additional tennis courts and office space. Phase I of the expansion is underway.



# Bally Total Fitness Announces Medical Advisory Board

**C**hicago, IL. - Bally Total Fitness has taken another step toward professionalization of the largest health club chain in the America with the announcement of a powerful new Medical Advisory Board. Jason Conviser, Bally's new Vice President of Clinical Services has been charged by Bally CEO and President, Lee Hillman with coordination of the newly formed Board.

## BALLY TOTAL FITNESS MEDICAL ADVISORY BOARD

Dr. Jeff Quartner  
Mid-Atlantic Cardiovascular Asso.  
Baltimore, Md.

Dr. Quartner also serves as a medical advisor to Sinai-Wellbridge Health & Fitness

Dr. David Neiman  
Dept. of HLES  
Appalachian State University  
Boone, N.C.

Dr. Neiman is a full professor and author. His latest book is: EXERCISE HEALTH CONNECTION.

Dr. Marian Fitzgibbon  
Northwestern Medical Facility  
Dept. of Psychology  
Chicago, IL

Dr. Fitzgibbon specializes in eating disorders.

Mr. Nelson Rodriguez  
Head Coach Soccer  
Lafayette College  
Easton, PA

Mr. Rodriguez has a strong focus on youth fitness.

Mr. John Rude, President  
John Rude & Associates  
Eugene, OR.

Mr. Rude is an expert on mature adult exercise programming.

Dr. Neil Sol  
Director of Outpatient Services  
Valleycare Health Services  
Pleasanton, CA.

Dr. Sol was a pioneer in the development of the healthcare - health club connection.

Dr. Gordon Nuber  
Orthopedic Surgeon  
Chicago Bears  
Chicago, IL.

Dr. Nuber is the Co-chair of the Dept. of Orthopedics at Northwestern Hospital

Mr. Keith Camhi,  
President  
Fitlinxx  
Stamford, CT.

Mr. Camhi is the Founder and President of Fitlinxx, a leader in utilizing computer technology in analyzing outcome measurements.

Mr. Doug Heir  
Cherry Hill, N.J.

Mr. Heir is the most decorated Olympic athlete in the U.S. in wheel chair competition, an attorney and sought after motivational speaker.

Dr. Cedric Bryant  
Director of StairMaster  
Sports Medical Institute  
Kirkland, WA.

Dr. Bryant's specialty is taking complex topics and conversion of them into layman's language to facilitate fitness communication.

Dr. Barry Franklin  
Director of Cardiac Rehabilitation  
William Beaumont Hospital  
Birmingham, MI.

Dr. Franklin is a leader in the American College of Sports Medicine.

Dr. Steven Blair  
Cooper Aerobic Institute  
Dallas, TX.

Dr. Blair is one of the principal editors of the United States Surgeon General's Report

Norm Cates'

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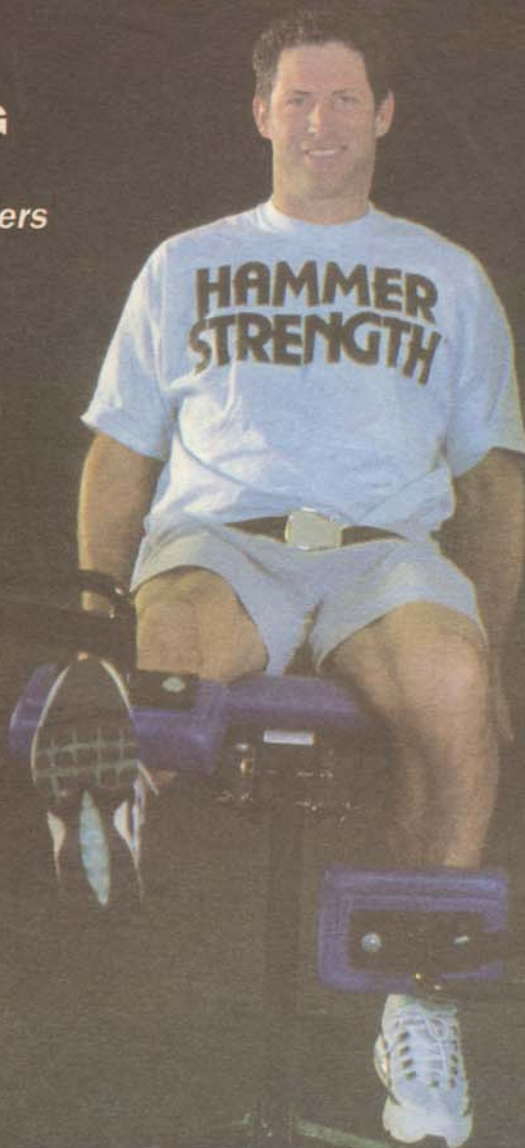
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