

THE Club Insider[®]

NEWS

DECEMBER, 1994

The Pulse of the Health, Racquet & Sports Club Business

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CLUB INSIDER Celebrates 1st Birthday!

By Norm Cates, Jr.

The CLUB INSIDER News celebrates its 1st Anniversary of publication this month! The new monthly publication has shocked the health, racquet and sportsclub industry in North America by reporting on the tough issues in a candid, honest and sometimes irreverent manner. While many other club industry publications continue to avoid the "politics" of the industry, The CLUB INSIDER News has provided a well informed insight into what has really been happening.

During the past year, we have reported on many important developments which are shaping the club industry now and will for years to come. Among those important stories were the battle which raged within IRSA about the decision to change the name to EXERCERE and an ongoing series of reports on the BALLY Health Clubs legal and financial woes. It is important to note that the name change to EXERCERE was dropped by IRSA and instead, 90% of the voting members ratified a new Board recommendation to change the name to IHRSA (International Health, Racquet and Sportsclub Association.) Maybe more importantly, the Bally

Health Club management has embarked on a landmark course of action designed to radically change the culture and operating mentality of the entire 20,000-employee Bally organization. It is this promised change that might begin to rid Bally of its many legal battles and other problems which have tarnished the industry reputation for everyone in the business.

The CLUB INSIDER News had been originally conceptualized to be a monthly newsletter publication supported solely by subscriptions. But, it didn't take long for us to recognize the economic realities of a subscription-only publication. In June,



1st Birthday!

1994, the CLUB INSIDER began to accept commercial advertising

with our first advertisers, CARDIO (See 1st Birthday page 15)

1994 In Review And 1995 Predictions

The CLUB INSIDER News asked the following questions of some club industry veterans:

(1) What are the most significant club industry events to happen in 1994?

(2) What are your predictions for the club industry in 1995? Here is what they had to say:

RICK CARO, President of New York City-based Management Vision:

(1) Bally's problems (Wall Street, Massachusetts, FTC, etc.)

(2) Sports Clubs, Inc. going public.

(3) Health Care Reform NOT being passed.

(4) IRSA Name Change.

(5) Gold's Gym National Advertising Campaign.

(6) Rapid growth in the number of health club members.

Predictions: (1) Bally will continue to have financial problems - No spin off of club division. (2) Former Directors and Officers of Living Well, Inc. will lose 2nd phase of the lawsuit with the principals becoming liable for \$60 million in damages. (3) Continued price discounting by clubs. (4) Significant new club growth continues. (5) No meaningful health care reform will be passed. (Legislation with minimum impact will be passed.) (6) More research documenting the value of exercise and diet/nutrition will be conducted. (7) Clubs will continue to improve their

bottom-lines. (8) There will be no meaningful progress on member retention.

ROB GOLDMAN of the Columbia Association in Maryland and the current President of IHRSA:

(1) The American Heart Association naming "a sedentary lifestyle" as a major risk factor.

(2) The rapidly growing acceptance by the medical community of fitness and recreation as part of the "wellness continuum", part of preventive medicine.

ROB predicts: (1) A significant increase in medical organizations both building clubs and partnering with IHRSA clubs. (2) An increase in demand for club

memberships created by public relations surrounding The President's Council and the Surgeon General's position on the value of exercise and the detriments of a sedentary life-style.

ALAN SCHWARTZ, Chairman of Tennis Corporation of America:

(1) Mike Lucci's decision to upgrade Bally service.

(2) Advent of The CLUB INSIDER as an important industry publication.

(3) IHRSA name change and its willingness to deal with the not-for-profit issue (at least to start.)

ALAN predicts: Increased not-for-profit competition, not so much from YMCA's or JCC's but first from hospitals and second from park districts.

JAY KELL, Vice President, Sports Clubs of Canada:

(1) The Bally Stories-Bally's stock at 5 1/2 - lowest in years! (2) New name for

IHRSA - I like it!

(3) The CLUB INSIDER matures into a top publication!

JAY predicts: (1) Bally runs out of cash - now what? (2) Deflation - how do we cope with no fee increases?

PRESTON FIELDS, Director, the New Courtsouth, Knoxville, Tenn:

(1) Continued publication of The CLUB INSIDER News through the introduction of commercial advertising.

(2) Restructuring of Bally's... tough struggle. Yet to determine what will be best for industry.

(3) IHRSA beginning to split into two divisions. IHRSA Civil War. The line has been drawn in the sand between profit and non-profit.

PRESTON predicts: (1) Continued success of The CLUB INSIDER News. (2) IHRSA split opens door for new association to be born. (3) More management (See Predictions page 19)

• Inside The Insider •

•Bally's New Sales Program Review

•Creating A Club Alliance To Gain Market Share

•IHRSA Board Faces Difficult Choices

•Southeast Regional

Founding Meeting Held


•The Perception Of Control

THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

The Fitness Institute 
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JOHN A. WILDMAN
 PRESIDENT


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November 23, 1994

Mr. Norm Cates
 The Club Insider News
 P.O. Box 671443
 Marietta, Georgia 30067

Dear Norm:

Thank you for permission to use portions of The Club Insider article "Exercise Cuts Breast Cancer Risk".

It was good medical news for women and another opportunity to promote the health benefits of exercise.

As a result we did a press release, ran a version of the article in our monthly newsletter The Fitness Bulletin and have set-up breast self-exam clinics at each of our three clubs in Toronto.

Again our thanks to The Club Insider.

Sincerely,


 John Wildman
 pcates

Enclosure

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

November 17, 1994

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

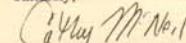
Dear Norm:

Readers might well be confused by the "Fitness Management" statistics published in their October issue and in the November issue of "The Club Insider". Do IHRSA members prefer "Fitness Management" to "CBI"?

The answer is no, according to a random phone survey of 424 IHRSA members conducted in September by Sunstat Market Research of Baltimore, MD. The Sunstat survey found that if IHRSA members "could receive only one industry periodical," 58% would choose CBI (the only one which is not free); 18% would choose "Fitness Management"; and 8% would choose "Club Industry".

The methodology of the two surveys explains the contradictory results. The "Fitness Management" survey was a mail instrument to which readers elected to respond, ensuring a biased response; i.e., only those who have a loyalty to a magazine are likely to answer a reader survey.

Sincerely,


 Cathy McNeil
 Director of Public Relations

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IHRSA Board Of Directors Denies Kim Fuller's Challenge

Kim Fuller is the owner of the Livermore Tennis Club in Livermore Valley California. Recently, Kim challenged the right of the Lake Forest Health and Fitness Institute in Lake Forest, Illinois, to be a voting member of IHRSA. His grounds for the challenge were that Lake Forest was operating in violation of the IHRSA By-Laws which state that voting members must pay property taxes and must not accept tax-deductible donations either for capital or operating expenses. The essence of Kim's beef is that Lake Forest operates as a 501(c)3 Corporation Subsidiary

of a charitable hospital corporation which funded the \$10,000,000 for the Health and Fitness Institute.

The IHRSA Membership Review Committee and the Board unanimously agreed that on the basis of the By-Laws as well as the facts and circumstances determination, that Lake Forest is not violating IHRSA By-Laws. In fact, it is not a 501(c) (3) organization. It was determined that Lake Forest is operating its business in conformity with the By-Laws. It pays property taxes and does not accept tax-

deductible donations either for capital or operating expenses. Kim Fuller's challenge was determined to be unfounded and no further action was recommended. The Association regards this specific challenge as closed.

In response to this decision by the Board, Kim Fuller has resigned his club as a member of IHRSA stating that he will not support the Association any longer due to the philosophical differences between him and the Association relative to who should be members of IHRSA.

Sailors Pick Cybex

Ronkonkoma, New York - Dennis Conner and his Team Stars and Stripes, officially announced that they have selected CYBEX as their choice for fitness equipment.

Julia Brady, Marketing Director for Team Stars and Stripes said: "The crew wanted CYBEX because they currently train on the equipment and were familiar with its outstanding quality."

According to strength and conditioning coach Tom Darling, "As far as technology, innovation and design, CYBEX equipment remains the leader in the fitness and

rehabilitation industry."

"The average person never sees what intense training is taking place behind the scenes. The time, preparation and dedication that goes into this, gave me a greater appreciation for these world class athletes," said CYBEX National Account Manager, Rob Romano.

Team Stars and Stripes will be training and racing over the next six months, in preparation for the America's Cup that will be held in San Diego, California this Spring.

• NORM'S NOTES •

I just returned from the 9th Annual IHRSA Marketing and Sales Conference in Orlando, Florida.

Just in case you missed it, I will be running a report on the ratings of the top speaking presentations so that you can order the tapes if you wish. If you attended, I would be interested in hearing from you about your impressions of the split venues..... i.e. 1/2 of the convention at the Walt Disney World Swan Hotel and the other half at the Orange County Convention Center about 20 miles away. My impression is that a split venue such as this, which is confusing, inconvenient, and reduces the value of the event for both attendees and the Trade Show Vendors SHOULD NEVER - EVER happen again! On a positive note: (1) IHRSA conducted its 2nd OPEN FORUM for its members and a summary of that meeting and some of the hot topics is included in this edition. (2) I had the opportunity to see and speak to a significant number of our CLUB INSIDER Subscribers..... I gotta tell you.... the feedback from those of you that I spoke to was just terrific! I left the event with a really warm and fuzzy feeling about where we are going with this publication and why we have been able to carve out a market niche in just one year. But, just in case I didn't get to see you, I have included in this issue our 1st Annual CLUB INSIDER Subscriber Satisfaction Survey and Reader Nomination Listing. I hope you will take just a moment to complete the survey and send it back along with names and addresses of at least three of your club industry friends who are not yet subscribers. I will send each of them two sample issues so they can evaluate the possibility of subscribing themselves. And, speaking of subscribing..... I want to extend my most SINCERE AND HEARTFELT THANKS to all of you for your subscription over this past year and SPECIAL THANKS to each of you who have renewed your subscription early! Believe it or not, about 40% of our subscribers have already sent in their renewal \$99 for the coming year! This super subscriber support combined with strong advertiser support, which is appearing over the horizon, should make the CLUB INSIDER News a permanent fixture in the club industry and should allow us to continue to: "Tell it like it is!" THANK YOU ALL!

The SOUTHEASTERN REGIONAL CLUB ASSOCIATION meeting, announced in the November issue, was a great success in Orlando. About 25 people attended, representing 21 Southeastern Clubs. Look for details of the meeting and future plans in this month's issue.

The CLUB INSIDER Top 100 CLUBS SELECTION COMMITTEE has been selected and we are accepting nominations. Be sure to see the Nomination Form and Committee report in this issue.

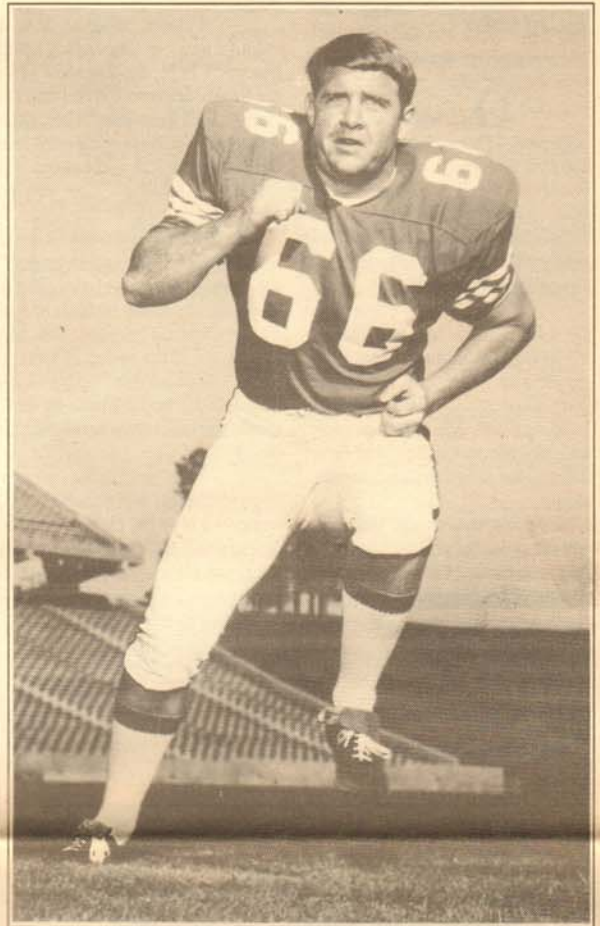
DR. BRUCE BUCKBEE, former President of IRSA, has reportedly left the club industry to go into the retail bicycle business. Bruce was formerly the President of the Boston-based Health Development Corporation which operated numerous facilities in the greater Boston area, including the Harvard Business School Fitness Center. Bruce will go down in history as the guy who kicked off the movement to change the name of the Association in 1992. Best of luck to you Bruce as you launch your new career!

TOM LYNEIS, ED WILLIAMS AND BUD ROCKHILL are the principals of CLUB SPORTS INTERNATIONAL, a Denver-based club management consulting firm. CSI has continued to wrap up new deals with the following new ventures signed in the last sixty days: (1) They will be taking over management of the 60,000 square-foot Honolulu Club, which is located on the island of Oahu, starting in January, 1995. The club will undergo a two-million dollar renovation during the next year. (2) CSI has been retained by NISSHO IWAI AMERICAN Corporation as a consultant on the Sporting Club at The Bellevue, in Philadelphia. (3) CSI has been retained as a consultant for a new 32-acre athletic club development in Sierra Alta, in Monterrey, Mexico. The club component is called Club Deportivo Sierra Alta and construction is scheduled to begin in April, 1995. In addition to their 15-acre, \$10 million equestrian center, Sierra Alta will include just about anything you can think of in the facility package including a one-acre children's center, a multi-purpose stadium for in-line skating, tennis, soccer, etc. 15 tennis courts with 4 covered with air-structures and the list goes on!

JIM GIBBONS, the man in charge of the Health Rider Company movement into the commercial club market is using a really innovative approach to developing the final cosmetic look of the new commercial machine. At the Orlando IHRSA/ATHLETIC BUSINESS TRADE SHOW, Jim was seeking and receiving one-on-one feedback from attendees about the finished look as they were given the opportunity to preview about 8 graphic drawings showing the potential new looks. The Health Rider has seen huge success in the residential market with the support of endorsement from Covert Bailey. Jim tells me that the target they are seeking in the commercial club division is the 48-70 year old category.

CHARLES ATLAS..... remember the name? He might be the guy who started it all... a classic American success story. Charles Atlas was born as Angelo Siciliano on October 30, 1893 near the town of Aciri, Italy. After coming to America, the skinny, 15-year-old was on a beach at Brooklyn's Coney Island with a girlfriend when a brawny lifeguard kicked sand in his face. Not long afterward, Siciliano and a group of other kids visited the Brooklyn Museum, where the statuary of muscled men caught Siciliano's eye. The idea of Charles Atlas was born. The youngster soon developed an exercise system he called Dynamic Tension, building his own physique and winning a contest to become the World's Most Perfectly Developed Man. In 1929, Charles Atlas began selling a 13-part bodybuilding course for \$30, with a regimen of exercises, nutrition, sleep and clean living. "Live clean, think clean, and don't go to burlesque shows," was Atlas' advice. Charles Atlas died of a heart attack at age 79 — a husband, a father of two children and a legend.... now you know the "Inside Story."

BILL PEARL, another one of the industry's legends, did a great job at the Life Fitness exhibit at the Orlando IHRSA Trade Show. They installed a stage with one of the Life Circuit Machines placed on it and throughout the show, Bill was doing personal training sessions with people from the crowd using a loudspeaker system so the crowd



Norm Cates

could be involved in his coaching. It was a really neat spin on the normal trade show sales efforts and it is nice to see a man in his sixties, whom many of us idolized in the 50's and 60's,

doing his thing. Great job Bill!

SKYWALKER, the new, high-tech machine cardio-walking machine manufactured by SSI, Inc. (See Norm Notes page 11)

Norm Cates'

THE Club Insider

NEWS
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THE PERCEPTION OF CONTROL

By Jeff Stokes

On a brisk Fall Friday night at 8:15 p.m., John Smith, for the first time in his unhealthy life, decides to call the local health club. After ten rings, the phone is finally answered by a monotone voice who says: "Thanks for calling. Please hold."

After being placed on hold for two minutes and twenty seconds, another individual picks up the line. This time, a different individual says, "Who are you holding for?" Mr. Smith politely informs the individual that he is calling for membership information.

At this time, the individual says, "If you can hold for just a second, I'll get someone

who can help you."

Finally, after another one minute and ten seconds of being placed on hold, another sales associate finally answers the call and says: "How can I help you?" Mr. Smith, who at this point is somewhat impatient says: "I just want some information on joining! Can you help me?"

The sales associate quickly reveals the prices and the aerobics schedule. (Mr. Smith hates aerobics) Because the sales associate has a personal call on the other line, he attempts to end the call as soon as possible. Because Mr. Smith is truly interested, he attempts to get as much information as possible. Tension builds!

Finally, after the call seems to go in circles, Mr. Smith asks if he can come visit the club. The quick-to-respond sales associate says: "Sure, that's a great idea. Just stop

by anytime."

The call ends.

The next day, Mr. Smith decides to get an early start on his Saturday errands. First stop, the local health club. Because he was told he doesn't need an appointment, he anxiously drives to the club in pursuit of a new beginning... the beginning of a new healthy and active life. He can't wait to get to the club.

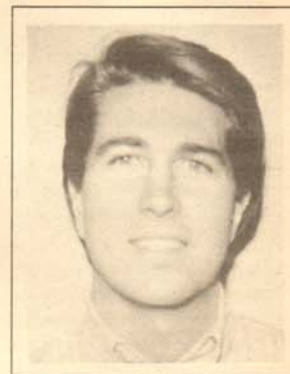
At 8:15 a.m., he arrives at the club only to find the doors locked. He reads the sign and it says: "Saturday hours - 9 a.m. - 8 p.m." Because he is truly excited about his new venture into health and fitness, he decides to wait.

Fifty minutes later, Mr. Smith looks down at his watch and notices that the time was now 9:05 a.m. He gets out of

his car and once again approaches the front door, anxiously awaiting his club tour. To his dismay, he walks up to a group of people huddled around the front door entrance. As the group banged on the door screaming "Let us in.", Mr. Smith decided maybe he should come back another day. As he pivoted around to make his departure, he overheard a voice say: "We're open."

The time was 9:10 a.m.

Mr. Smith anxiously entered the club. As the pack of hostile members rushed through the doors, the front desk area became extremely cluttered. Just as Mr. Smith was about to ask for assistance, the front desk associate says: "We are really swamped. Do you want to just take a look around and stop back here on your way out?" Mr. Smith says: "Sure."



Jeff Stokes

Twenty minutes later, Mr. Smith returns to the front desk. He thanks the associate for allowing him to see the club but explains he has to leave. The associate thanks him for stopping in and says goodbye.

Does this sound like a situation that may take place at your club? Are you throwing money out the door? If you said "yes," then you have already determined an opportunity for improving your club. These type of situations happen on a daily basis in both large and small operations throughout our industry. Because a sizeable percentage of our employees consist of part-timers, it's only natural for them to not share the same vision and viewpoints as we, the owners/managers have. Therefore, the first step for preventing these situations from happening is admitting that they do. The next step is setting a game plan.

If you read the description of the situation above and said to yourself: "That surely doesn't happen at my club. I'm aware of everything that goes on," you might want to reconsider your thinking. Human nature alone is working against you. As much as you may think you have control, most employees have a tendency to take more-so than to give.

For the past year, I have had the unique pleasure of reading and studying hundreds of "Mystery Guest Shopper Reports." As the Vice President of Club Services, a shopper service for the club industry, I was able to learn about our industry from a different perspective. I was able to truly see how our customers view our staff and our facilities. The truth is that many of your prospects and current members are experiencing similar situations as the above fictitious story.

Although preventing these situations from happening altogether is unlikely, there are methods for reducing the chances. Regular shop reports are an effective tool to test standards, analyze trends, provide a road map for improvements and track the success (See Control page 19)

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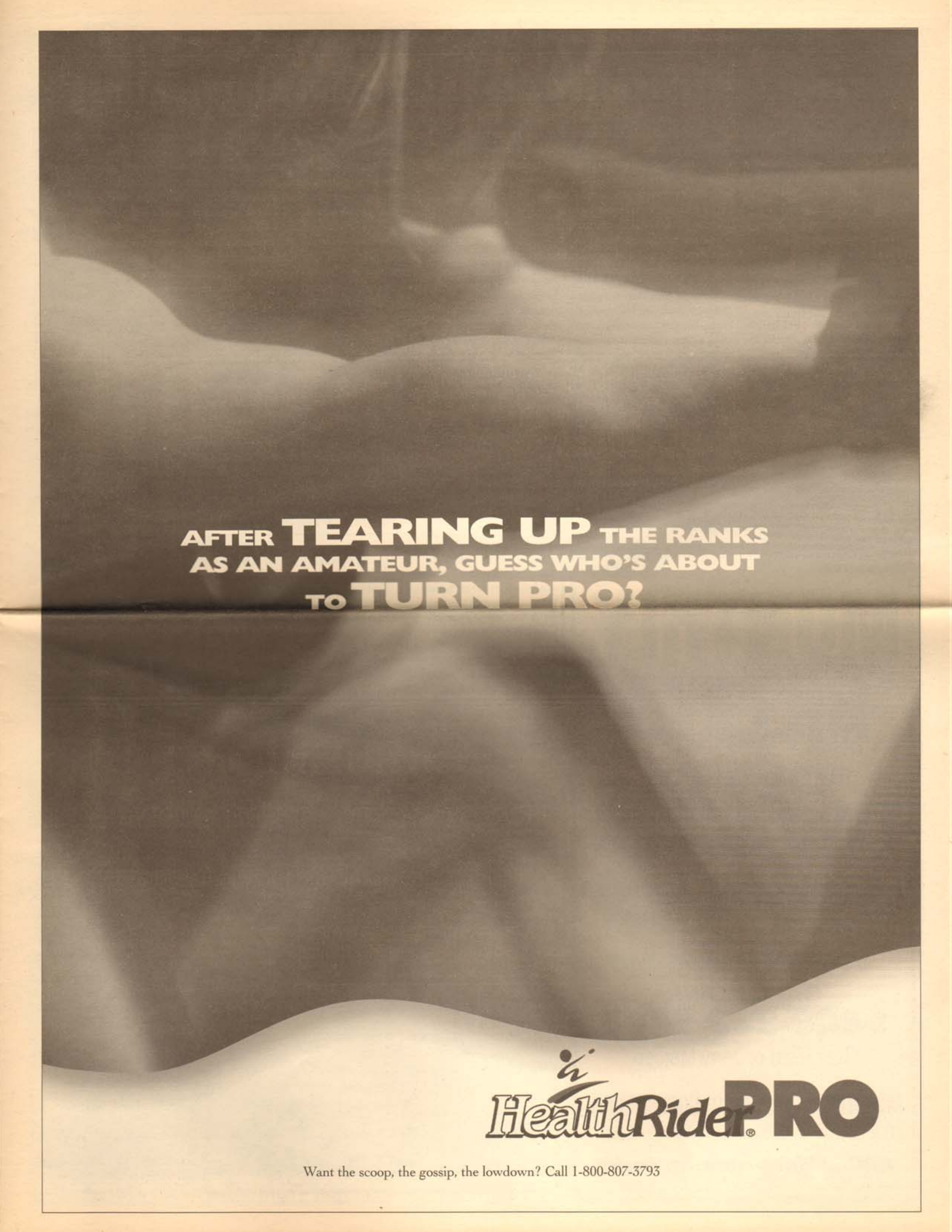
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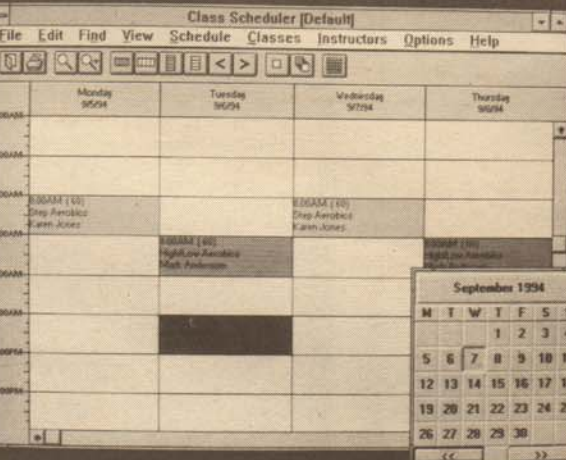
Scheduling aerobics and fitness classes is a never ending juggling act which requires keeping track of each class scheduled and each instructor who teaches a class. For this reason, even creating a class schedule of average complexity takes a considerable amount of time and effort. As we all know, instructors cancel and classes must be covered, making the job an ongoing challenge for the aerobics/fitness director. The new FITNESS CLASS SCHEDULER will provide your

aerobic director/manager with a tool which will free up a significant amount of time....time that can be used in your club for better purposes. The FITNESS CLASS SCHEDULER allows you to create and modify schedules simply by moving classes from one day or time to another on the computer screen. The software keeps track of the days and times each instructor is available and automatically provides a list of available instructors for the open time slot(s). Best of all, once you finish using the FITNESS CLASS SCHEDULER for Windows to schedule your classes, printing class schedules is easy. With numerous formatting options available, you can quickly customize a schedule's appearance to suit your needs. You can even print separate schedules for each instructor which shows only the classes he or she is scheduled to teach. With FITNESS CLASS SCHEDULER for Windows, you not only reduce the amount of time you spend scheduling classes, you will be able to manage your fitness classes and instructors better. And, to help you at payroll time, you can generate the necessary reports with total hours and classes taught by each instructor.

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In today's competitive health club and gym industry, providing personal trainers to members who want them is not just an option; it is a necessity. Personal training fees are a valuable source of income and with more and more people looking for personal trainers, providing personal trainers will give your club a competitive advantage.

Whether you use outside trainers, in-house staff or a some combination of both, managing your trainers takes time. You need to schedule and re-schedule training sessions. You need to provide each trainer with his or her own schedule. If you are charging members for training sessions, you need to keep track of what each



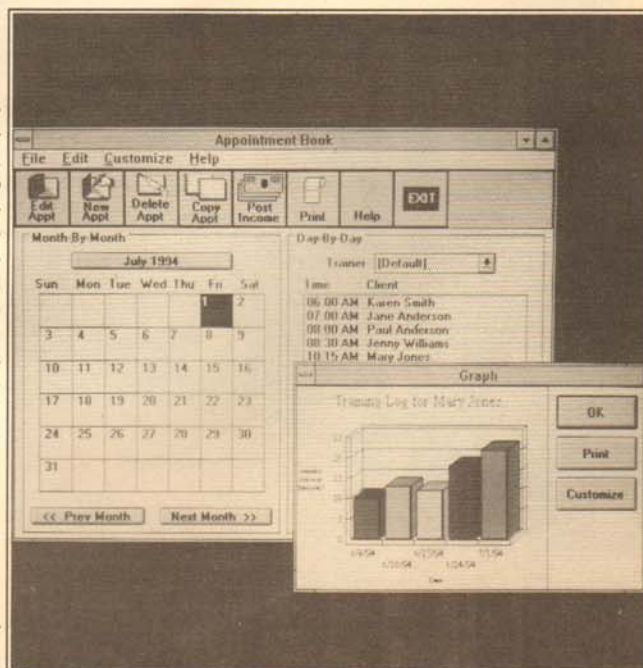
Fitness Class Scheduler

member owes the club. If you are using outside staff who pay the club a percentage or flat fee, you need to keep track of what each trainer owes the club as well. And, finally you need to create income and expense reports so you know what your trainers are costing the club and how much income they are generating.

Fortunately, the best selling personal trainer management software, used by personal training businesses all across the country, is now available to clubs and gyms in a special Club Edition. With PERSONAL

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To obtain additional information or to order FITNESS CLASS SCHEDULER (\$149.95) or PERSONAL TRAINER BUSINESS MANAGER for Windows (\$249.95), contact Willow Creek Publications at (800) 823-3488.



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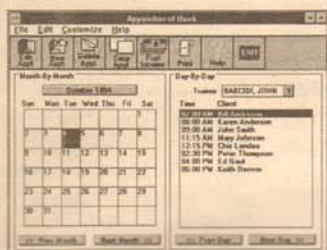
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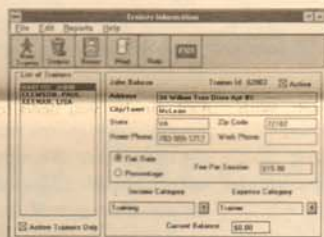
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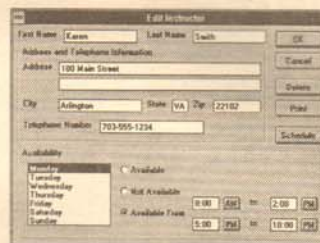
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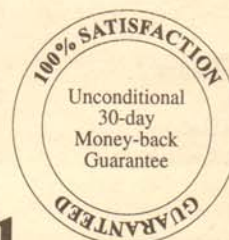
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Creating A Club Alliance To Gain Market Share

By Ernest E. Zaik

IDEAS ON HOW TO SET UP A NETWORK

It became very clear in the late 80's as a single club operator that it was very difficult to approach large companies and in some cases, small clubs as well, with regard to an employee membership benefit. Companies are reluctant to offer a health and fitness club benefit to all employees when use of that benefit by all company employees is limited by location.

Approximately six years ago, four quality and service oriented, multi-recreational health and fitness clubs in the Phoenix, Arizona metroplex joined together to form the Fitness Network of Arizona. At that time it was imperative that the club's geographic distribution be convenient to provide health and fitness services to the entire Phoenix market, i.e. Maricopa County.

In forming your "Network of Clubs," there is no one particular model or method to accomplish the objective. For the purpose of this article I will share some general ideas regarding how to set up a network, potential problems in forming a club network and benefits of a network of clubs.

In forming such an alliance, it was imperative that all clubs be IHRSA clubs. We wanted to stay away from the "gyms" and chains (Bally's). Initially, the first step is to be sure you have experienced leadership directing the plan of action. In our specific case two people were providing the leadership and direction. Next, determine the other IHRSA clubs of comparable standards and strategic location to comprise your network. A written organization agreement should clearly define goals and benefits to all clubs. As a group of clubs, create a mission statement everyone agrees to and abides by. Like any new business, get committed individuals from each club including time and money. Create an organizational structure in the network showing who will be responsible for what in order to spread the work load.

POTENTIAL PROBLEMS IN FORMING A CLUB NETWORK

Like any new endeavor, there are problems. Here is a list of potential problems:

- 1) Lack of credibility of initial clubs setting up the network.

2) Lack of commitment of time and money by clubs joining the network.

3) Lack of trust between clubs.

4) Lack of understanding and sophistication about network benefits by other clubs.

5) Unwillingness to share information.

6) Other club owners don't want to be part of a team, they want to go it alone.

7) It's a lot of extra work and time.

BENEFITS OF A NETWORK OF CLUBS

Here are a few of the benefits in forming your network of clubs.

1) Enhance all clubs' credibility.

2) Make more money.

3) Improve staff credentials.

4) Internal audit and quality control defined by IHRSA's Membership Eligibility Standards and extensive input by the clubs.

5) Share marketing costs.

6) Corporate sales enhancement.

7) HMO opportunities.

8) Share staff training.

9) Share problem solving.

10) More purchasing power.

11) Involve more people in fitness.

12) Reciprocity.

In conclusion, the Fitness Network of Arizona adheres to the highest standards in the industry. In dealing with companies and health insurers, we become a working part of their benefits team and today we have incorporated a system to track attendance, compliance of a company's employees or a health insurers members. In addition, we have recently increased the size of the network which includes a hospital and more clubs to provide a menu of standardized outcome-based wellness programs. In forming your network remember to map out a plan and execute and follow-through with determination - have fun!

(After a nationwide search by Dave Brown, Ernie Zaik was appointed President of the Western Reserve Club Family Sports Center in September, 1983. Before joining the Western Reserve Club, Mr. Zaik spent 5 years as the Manager of the Boston Racquet Club, where he assisted in the planning and implementing



Ernie Zaik

of a 3-million dollar grand opening. Prior to Mr. Zaik's appointment in Boston, Ma. he spent three years as the Director of the Jewish Community Center in Dallas, Texas where he developed the fitness department and assisted in the remodeling of their 8-million renovation.

Mr. Zaik has served as a public speaker for numerous organizations including IHRSA, AWHF, and NPRA. As the President of the Western Reserve Club, Mr. Zaik is responsible for more than 100 full and part-time employees and operation of the club. He is also President of the Arizona Health and Fitness Association, Inc., Sports Center Consultants and is co-founder of the Fitness Network of Arizona.)

Club Insider News Top 100 Club List Committee Selected

In our January, 1995 Issue of The CLUB INSIDER News, we will publish our 1st Annual Top 100 CLUB LIST. The selection committee for this honorable list has been chosen and consists of top industry experts who will make the decisions. The selection committee is as follows:

Brenda Abdilla
President
Profit Systems
Denver, Colorado

Rick Caro
President
Management Vision
New York, New York

Bruce Hendin
President
Racquetball/Fitness Clubs
San Antonio, Texas

Hervey Lavoie
Ohlson and Lavoie
Denver, Colorado

Alan Schwartz
Chairman
Tennis Corp. of America,
Chicago, Illinois

Steven Tharrett
Club Corp. of America
Dallas, Texas

Spencer Garrett
President
Pierpont Racquet Club
Ventura, California

Tim Rhode
President
Rhode Club Management
Baltimore, Maryland

Cecil Spearman
Chairman
Spearman Industries
Laguna Niguel, California

Ed Williams
Senior Vice-President
Club Sports International
Denver, Colorado

Ernie Zaik
President
Western Reserve Club
Phoenix, Arizona

TOP 100 NOMINATIONS

Category List: Multi-Purpose Club
Fitness Facility Only
Racquet Sports Only
Hospital-Owned Facility
Pure Weight Gym
Amenity Club (Hotel, Office, Resort)
Spa (Weight Loss, Facials, Etc...)
Church Facility

I would like to nominate the following clubs/facilities for CLUB INSIDER's TOP 100 LIST:

CLUB NAME	OWNER'S NAME	CATEGORY	LOCATION
(1) _____	_____	_____	_____
(2) _____	_____	_____	_____
(3) _____	_____	_____	_____
(4) _____	_____	_____	_____
(5) _____	_____	_____	_____

SEND OR FAX NOMINATIONS TO:

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New Bally Sales Training Program Review

By Norm Cates, Jr.

The Bally Health Club chain has taken on a program under the direction of CEO, Mike Lucci, to attempt to turn around the problems of the company and build it into a winning proposition. Last month, I reported to you on Bally's Fitness Trainer ACE certification program. While working on that report, I was invited to review the new Bally Sales Training Program and received a copy of the program from Mr. Harold Morgan, the Vice-President of Human Resources for Bally.

I agreed to review the new training program and provide feedback if I had any. After the review, I do have some very specific feedback about a Chapter in the Training Manual/Program that I am very glad to see. That Chapter is entitled: Legal and Ethical Issues. The Bally Sales Training Manuals are very well done and very thorough. The training program took nearly a year to produce, according to Harold Morgan of Bally. The direct cost alone is \$700,000. The training process is beginning with a requirement for all new Bally sales people to complete and pass the training examination prior to beginning work. Currently, the training is being done by 13 of Bally's top sales training people. The class is a one-week program. Also in process, in "re-training" of all Bally people who are involved in sales. This is going to be an ongoing process which will take some

time to complete. Importantly, according to Morgan, Bally is conducting "shopping visits" to test compliance with the new program in locations where the training has already been completed.

The training manual for class participants is 12 Chapters and over 230 pages. The manual for the training instructors is 12 Chapters and 277 pages. I received one video tape, but there are others involved in the program. This sales training program is well done and very comprehensive.

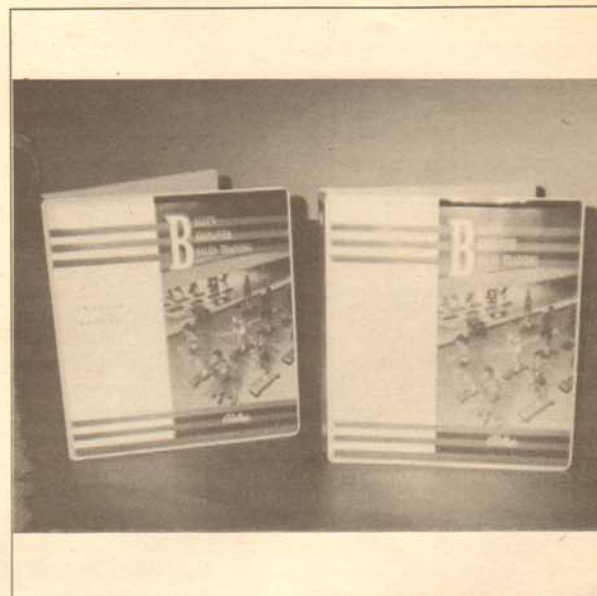
To me, the key to the potential success of the program and a turn-around of the Bally situation, is present in the Chapter on Legal and Ethical Issues. This Chapter is full of honest, to-the-point procedures, which IF followed by the entire Bally sales organization, could lead to a significant reduction in the legal problems and ethical challenges that face Bally. If Bally can inculcate the values and attitudes expressed in this one Chapter throughout the organization, then I would give this turn-around program a good chance for success. But, remember, I said IF. So, as I have stated before, it looks like the future of Bally's Health Clubs appears to be in the hands of long-time employees. If they do as Harold Morgan hopes, that is to rise to the occasion and live up to the new legal and ethical standards set forth in the manuals, then it could work..... if they don't, I don't believe it will. But Morgan asserts that the process of weeding out those who won't/don't comply has already

started and will continue to be an ongoing one. To me, this huge organization is faced with a simple problem which is also very complicated: the problem? How do you get thousands of people to change the way they have worked to comply with someone else's idea?

Morgan hopes for compliance. So does CEO, Mike Lucci, who for the past few months has been traveling to the most troubled regions of the chain to meet personally with the managers and make it clear that this is serious business and that he expects them to be part of the deal. He has done this without fanfare, hoping to quietly impress upon everyone in the company the urgent nature of the mission.

How will Lucci and Morgan know if the Bally sales people across the land are performing as they are being trained and re-trained to do? Morgan explains that a "club shop" program being conducted by his Internal Audit Staff is one way they will know. This "club shop" program will provide his leaders with a more clear view of what is really going on. From that information, they decide to do follow-up training, discipline or even terminate employees if necessary. Morgan is determined in this effort, but he is not kidding himself or Lucci. He says that the creation of the training program is the "easy part." He knows that the hard part will be to retrain and obtain cooperation at all levels and in all regions of the Bally chain.

(See Bally page 16)



Affiliated Acceptance Corporation Teams With Total Wellness Concepts

Affiliated Acceptance Corporation (AAC), a top financial services company for clubs, based in Kansas City, recently announced a new affiliation with Total Wellness Concepts (TWC). TWC specializes in computerized wellness software and worksite health promotion consulting. The purpose of the affiliation is to provide client clubs of AAC with their normal professional services which include billing, collections, credit card processing, financial statements and other important services combined with wellness ser-

vices such as the new Fitness Assessment Software, now available from Total Wellness Concepts.

Bert Monson, Chief Operating Officer at AAC explained that they wanted to expand their menu of services to include the health and wellness products which they didn't offer. After an extensive search, an agreement with Total Wellness Concepts' President, Laura Atkinson was reached.

Laura Atkinson explains that her company goal is to provide her clients with a comprehensive menu of products and services for to-

tal wellness. She says: "It seemed only logical to integrate a club management program." The Affiliated Acceptance Corporation's packaged club programs fit well with our programs due to similar pricing and target market.

So now, you can one-stop shop for club financial management services combined with wellness services by contacting the folks at Affiliated Acceptance Corporation. For information, call Gary Piper or Jerry Lee at Affiliated Acceptance Corporation (800) 233-8483.

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IHRSA Board Faces Difficult Choices

(The following has been re-printed from the October, 1994 IHRSA Board Meeting Fact Sheet)

FACT: The IHRSA Board of Directors, as part of its strategic planning responsibility, has developed a current and projected industry segment analysis that includes all facilities providing fitness and athletic services in the U.S. market. This analysis, which includes for-profit clubs, member-owned clubs, corporate fitness centers, YMCA's, JCC's, park and rec centers, university facilities, penal institutions, military bases, spas, and hospital clubs, comprises over 40,000 institutions that are providing fitness and sports facilities to their clientele.

The purpose of developing this segment analysis was to develop the appropriate background information for an initial Board discussion as to whether IHRSA should in the future expand its services to include other types of facilities not currently included in the IHRSA membership. At the next Board meeting which will take place in March, 1995, immediately before the convention, the Board will begin to consider various future scenarios relative to how IHRSA should relate to these different industry segments in the years ahead.

Among the scenarios to be discussed are the following:

(1) To continue to grow the Association within the current definition of its market, namely racquet, athletic and fitness centers that pay property taxes and do not accept tax-deductible donations for either capital or operating expenses.

(2) To expand the Association's definition of its market to include other facilities such as corporate fitness centers, hotel clubs, spas, etc. that conduct their operations in compliance with the Association's current by-laws.

(3) To expand the Association so as to in some way include all facilities working to expand the market of men and women and boys and girls committed to a lifetime of

regular exercise and sports.

AT THIS MOST RECENT BOARD MEETING, NO DECISIONS WERE MADE, NOR WERE THEY EVEN DISCUSSED. FURTHER, THE BOARD OF DIRECTORS IS COMMITTED NOT TO MAKE ANY DECISION ON THESE MATTERS WITHOUT A THOROUGH AND ONGOING DIALOGUE WITH THE MEMBERSHIP.

BACKGROUND

The IHRSA Board of Directors continually develops "rolling" three-year strategic plans. Thus, as soon as one three-year plan is completed, it begins developing the plan for the following three-year period. Last June, the Board completed IHRSA's strategic plan for the years 1995-1997. It has now begun to develop the plan for the following period: 1998-2000.

The rationale for beginning the development of the 1998-2000 plan by creating a current and projected industry segment analysis was the result of several factors: first, the realization that all segments of the industry have a shared interest in expanding the numbers of Americans involved in regular exercise and sports; second, the realization that many IHRSA club owners are also managing corporate fitness centers, university facilities, hotel clubs, spas, hospital fitness centers, and public facilities. In some communities, clubs are beginning to assume a role in providing community recreation services. We expect these opportunities to expand in the years ahead.

INTERPRETATION

IHRSA's mission, and the underlying context in which these strategic planning discussions are taking place, is to make

the greatest possible contribution to the profitability of its member clubs. In order to fulfill this mission, IHRSA will need to position itself and its members so that the opportunities of tomorrow will be even greater than those of today. Inasmuch as those opportunities are likely to extend into many other industry segments, IHRSA wants to position its member clubs to take advantage of these emerging opportunities.

DISCUSSION OF THE ISSUE

*The analysis of these issues has only begun and the Board of Directors wants to solicit and welcome input from the IHRSA members.

*The Board recognizes that issues of unfair competition and of creating a level playing field between all participants in the industry will be a central consideration in these discussions.

*The discussions are taking place in the context of expanding future opportunities for all IHRSA members.

*The entrepreneurial opportunities that are now emerging in the industry offer clubs a much broader field of future opportunity, and IHRSA wants its members to be fully engaged in exploiting these opportunities.

EDITOR'S NOTE: The above is reprinted from the October, 1994 BOARD MEETING FACT SHEET - ISSUE #1 - Regarding the strategic planning issue as to what type of facilities might be in the future become members of IHRSA.

I have three comments:

(1) While this discussion is relative to the 1998-2000 strategic plan, I believe that the IHRSA Board must remember that its member clubs are dealing with TODAY'S WORLD and what is happening to their clubs now. And, I want to remind the

Board that often perception becomes reality. It will be important to focus on continued unity of the association while this work goes on.

(2) On this fact sheet, it clearly states that all of this is just at the DISCUSSION STAGE and that the membership is invited and encouraged to enter into the debate. While the scenarios being discussed are posed as "future" possibilities, it is clear to most that IHRSA is already engaged in an "expansion mindset." This situation is already creating problems that need to be addressed.

(3) If you are an IHRSA Member and you want to see the membership admission policies remain as they have been for fourteen years, then I suggest that you speak up NOW. As a result of the name change experience, IHRSA has expanded its provisions for two-way communication with the membership. These opportunities include: Open Forums at the Annual Convention and at the Sales and Marketing Conference, a Letter to the Editor Section in CBI, a new suggestion card insert in CBI and a new Newsletter entitled: IHRSA News. In addition to the new communication vehicles provided by IHRSA, THE CLUB INSIDER will continue to be available to publish your memos and letters, regardless of whether CBI does or not, so don't be afraid to write a letter or an article for publication. I do believe that the IHRSA Board is determined to move slowly and carefully and will be guided by the input of its members, IF that input is provided in strength and significant numbers. After attending the IHRSA Open Forum Meeting in Orlando, I am more convinced than ever that the Board of Directors wish to be guided by member input and that IHRSA members will and can have a say in the future of the Association.

Here are some of the highlights of the IHRSA Open Forum Meeting in Orlando:

The IHRSA 1995-1997 Strategic Plan with the following key points was reviewed:

(1) #1 Financial Matters
(2) Membership growth
(3) Convention/Trade Show Plans
(4) Government Relations
(5) Public relations
(6) Club Marketing Support.

John McCarthy, Executive Director of IHRSA reviewed some of IHRSA's initiatives for the coming year which included: (1) A special promotion with the National Ad Council each year for the next three years promoting the advantages of exercise for children - projected impact: \$25 million (2) A thrust to convince the health insurance industry to incentivise a healthy lifestyle investment with reimbursements for health club membership investment. (3) A bright line test by the IRS to determine if YMCA and JCC's are charitable.

Three key questions were asked relative to IHRSA's future:

(1) Who is the customer that IHRSA should be serving?

(2) What does that customer want?

(3) How does IHRSA deliver what the customers want?

A number of IHRSA members had comments, including myself. My comment to the group was:

I believe that IHRSA has some significant challenges, including the challenge of dealing with the non-profit issue which is currently the hottest. I believe that the members of IHRSA should stay "steady in the boat" and hang tight with the Association's leadership as they work through things during this interesting period. I told the group that I was going to try to speak to Kim Fuller of the Livermore Valley Tennis Club with hopes of convincing him to re-join IHRSA. I urged members of the group to contact Kim about rejoining as well.

Norms Notes

continued from page 3

is an easy-to-use, enjoyable machine which is selling like crazy! I tried it while in Orlando, but before I got on, I asked what the weight limit for the machine was.... they said I was O.K. Word is that if you didn't get your order in at CLUB INDUSTRY in October, you will only be able to

get on a list with a money accompanied order for delivery in September, 1995!

DEAN KACHEL is a tough guy-determined to compete. Dean has his hands full in Coral Springs, Florida with his 15-year-old club being attacked by new competition..... first it was a new 22,000 square-foot club opened a year ago this month by

his former general manager who had jumped ship and had attempted to take most of Dean's employees and members with him..... now it is new competition from FRANK LEONESIO and his chain of Q The Sports Clubs. The Q clubs are making huge dents in the profits of established IHRSA clubs in every market they have invaded. They have gone into the Phoenix area with three new - \$7

million clubs, they are hitting Houston with 4 or more locations, plus they are already established in Jacksonville, Florida, Memphis, Tennessee, and Austin, Texas. Dean Kachel showed up in Orlando and came down with a severe case of the flu or something like it..... but do you think Dean missed the sessions or the IHRSA Open Forum..... NOOOOOO! He pressed on

until the end, even attending the Southeastern Regional Founding Meeting.

WORKAHOLIC?!!? - - **ROB RIDEOUT** is a really interesting guy who has built the MICRO-FIT Company into a winner. I was kidding Rob about the fact that he IS ALWAYS WORKING! Morning-Noon-Night..... why, I bet (See More Notes Page 13)



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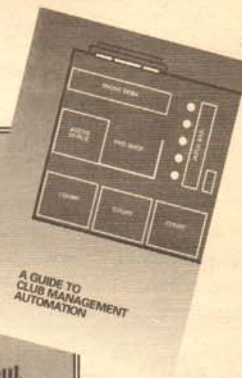
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Going Head-To-Head with the YMCA

By Terry Duschinski

When you attack the Young Men's Christian Association, you're not only attacking Mom and Apple Pie, but you might as well be smacking Mom in the face with the pie!

Is the YMCA a charity? When pressed on this matter, YMCA officials will tell you its tax-exempt status is justified by - are you ready for this? - its promotion of physical fitness! So, what is it you promote?

Technically, the YMCA's corporate structure is such that what would otherwise be profit income is re-invested in the operation of facilities. It is interesting to examine YMCA expenses, which you have every legal right to do.

IHRSA's outstanding guidebook, *Fight Back*, provides

step-by-step direction in this endeavor. If you are doing business within the same time zone as a YMCA, contact IHRSA immediately!

The purpose of this series of articles is to supplement IHRSA's material with real-life experience.

Here are some subtleties of what you have to understand in challenging a YMCA.

The YMCA operates based on the idea that it is "serving our members' needs," or "serving the community's needs." These are the buzz phrases.

What these phrases really mean to you—is that any apparently lucrative or worthwhile niche relating to health, fitness or recreation that it can find anywhere else in the community - it copies for implementation at the Y. This may be a program, a piece of equipment, or whatever seems to be generating revenue at another establishment. On a level

playing field, this kind of competition is welcome. But the Y is usually copying ideas from a business carrying the burden of:

(1) The full assortment of taxes: federal, state, sales, tangible, property, real estate, etc.

(2) Having to pay almost double the postal rate on bulk mail.

(3) Not being able to solicit donations for which the donor receives a tax deduction.

And do not think the unfair advantages are necessarily contained to these areas. In our situation, the YMCA also enjoys lease-light living. For six-acres of city-owned property, it is charged \$600 per year (plus cost-of-living adjustments at five-year intervals since 1978.) That is less than \$10 per month per acre! The Y has locked in this price on a 20-year lease, with two 20-year options! A private business leasing the same six acres would pay from \$27,000 to \$36,000.

In September, the YMCA sought an adjoining four acres. They asked to "offset the cost of the lease" by offering free memberships to city employees and assuming administration of city swimming programs.

When the city manager was quoted in the newspaper as entertaining these overtures, we responded via letter to the editor: "What does the city get for the approximately \$30,000 per year gift it is already providing?"

Scrutinize YMCA operation in your area. Expose sweetheart deals, and explain them in terms the public can understand. Hire an attorney to examine the legalities.

We have been able to frame a case in vivid terms. Several years ago, the YMCA replicated a private club - located less than a mile away - Nautilus machine for Nautilus machine. The YMCA's machines, however were newer, updated models.

The tax-paying club struggled for several years to compete, but eventually closed. Here comes an irony.

The tax-paying club divested its assets by selling its Nautilus machines to the city - the city government that provides a sweetheart lease to the YMCA. It did this in order to pay its county taxes, an obligation the YMCA does not have.

The city put the machines into service at a recreation center for underprivileged youth - a function we thought the YMCA served as justification for what amounts to being its taxpayer subsidization!

As incriminating as this indictment may be, do not expect storms of outrage from the general public. As the IHRSA manual suggests, target your efforts to business people. We'll explain next month.

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

Southeastern Regional Founding Meeting Held In Orlando

By Norm Cates, Jr.

Save your Confederate dollars 'cause the South Shall Rise Again! An excellent turnout of club owners and managers was on hand at IHRSA Orlando on Friday, December 2nd to discuss the possible development of a Southeastern Regional Club Association. Approximately 30 people representing 21 clubs and at least five vendors considering Associate membership attended the initial meeting. Also, Rick Devereux, of Director of Opera-

tions of IHRSA and Jan Woodman, Executive Director of NERSA, were on hand to provide information and answer questions.

A number of issues important to the start up of the regional association were discussed including: name, definition of the region in terms of states, eligibility for membership and leadership.

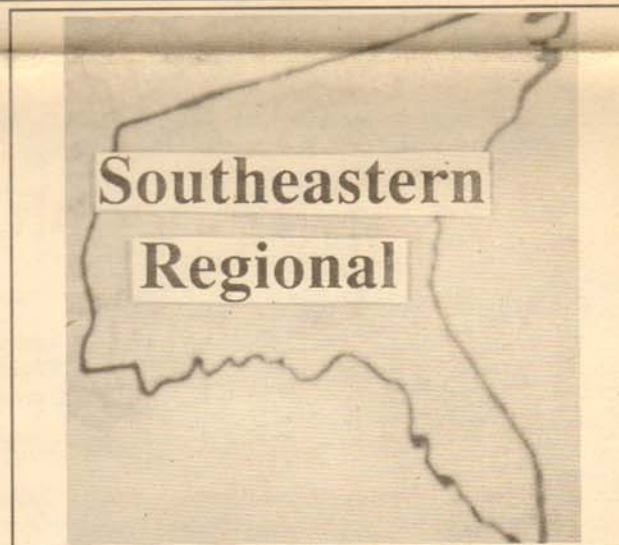
A COMMITTEE TO FOUND the Southeastern Association was established with the following volunteers to serve on the committee: Dean Kachel of Quadrangle Athletic Club, Coral Springs, Florida, Ray Gordon of Naples Fitness Center, Naples,

Florida, Jerry Bowes of Westbay Athletic Club, Bradenton, Florida, Tony de Leede of Australian Body Works, Atlanta, Georgia, Tasso Kirickes of Bodez by Tasso and Co., Ormand Beach, Florida and Norm Cates, Jr. of Club Insider, Atlanta, Georgia.

After establishing the Committee, we explained that the Association would require some "seed" money to get started for postage, long distance, etc. Approximately 10 people representing both clubs and suppliers agreed to chip in \$100 each to help with initial funding. Since

national (CMRI) and they can be reached at (914) 234-2582.

DAVID EVANS, is the Director of the 330,000 square-foot Tom Landry Sports Medicine and Research Center. At IHRSA Orlando he gave a clear and concise presentation on why ALL club operators should inves-



the committee is currently dominated with Florida people, we are still looking for volunteers to serve on the Committee To Found the Association. Our hope would be to have a representative from each of the proposed states, so if you are interested, call (800)700-2120.

tigate involvements in the area of hospital/ wellness for their clubs. Look for comments from David in my upcoming article on WHY YOU SHOULD CONSIDER AFFILIATING YOUR CLUB WITH HOSPITALS.

The GALLERY RACQUET CLUB in Seattle,

The next step will be for the Committee to develop a plan of action to move forward. We hope to have this accomplished in the next 60-90 days and will announce the plan in an upcoming issue of The CLUB INSIDER News, so stay tuned!

Washington, has been sold to the Atlanta-based Home Depot Company and will be closed and removed to clear the way for a new store.

COMING NEXT MONTH - my sincere apologies. After the Thanksgiving Holiday, the IHRSA Orlando Meeting and a case of the (See More Notes Page 15)

More Notes

continued from page 11

Rob gives sales presentations even in his sleep! But, if you think he is overdoing it, not true..... read his article in this issue and see why.

My condolences to GEOFF HAMPTON and his children, in the loss of their wife and mother, Carol about six weeks ago after a long - long battle with cancer. Geoff has now teamed up with Kevin Forward to re-establish his sales consulting firm called Club Marketing Resources Inter-

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IHRSA Sales And Marketing Awards Given

IHRSA's 9th Annual Sales and Marketing Conference featured the following awards. The CLUB INSIDER News extends Congratulations to these well-deserving winners!

SALESPERSON OF THE YEAR: - FRANKLIN RICE

New York Health and Racquet Club, New York, New York.

CORPORATE SALES PROGRAM OF THE YEAR: - MARK CORREIA and Staff - Healtrax, Glastonbury, Conn.

BEST DIRECT MAIL PIECE: Dyna-Fit, Surrey, British

Columbia and Clubsport of Pleasanton, California.

BEST PRINT ADVERTISEMENT: Lake Forest Health and Fitness Institute, Lake Forest, Ill.

Judges for the awards were:
 Debbie Eisenzimmer,

Cascade Athletic Club, Gresham, Oregon

Steve Fryer, San Francisco Bay Club, San Francisco, California

Patrick Quinn, New York Health and Racquet Clubs, New York, N.Y.

JoAnn Reed, Silverado Athletic Club, Andover, Mass.

Jim Smith, Peak Performance, Bellevue, Wash.

Michael Beagan, Gunn Associates, Boston, Ma.

Beth Beck, Club Fit, Jefferson Valley, New York

Paul Couturier, Health Club Development, Boston, Ma.

Jim Martin, Saw Mill River Club, Mt. Kisco, New York

1st Birthday

continued from cover

THEATER, AFFILIATED ACCEPTANCE CORPORATION, FAUST MANAGEMENT CORPORATION and PREFERRED CLUBS boldly leading the way. Advertisers are now beginning to realize that The CLUB INSIDER is, **GOOD FOR THE INDUSTRY**, and therefore, **GOOD FOR ADVERTISERS**, as well. The publication has grown into the **ONLY NEWSPAPER** for the club industry in existence today. With the prospects of continued growth in advertising and subscriptions, The CLUB INSIDER News now looks forward to more

progress and a permanent place in the health, racquet and sportsclub industry. We urge you to promote The CLUB INSIDER subscriptions to your friends and to encourage your suppliers to advertise with The CLUB INSIDER!

The mission of the CLUB INSIDER is simple. We want to help our subscribers improve their bottom line and professionalism by providing feature articles on important industry subjects, news on industry trends and inside information on who is doing what in the industry. The publication is rapidly becoming a "must read" in an already crowded field of slick - advertising filled monthly industry publications. But, The CLUB INSIDER has taken the bold step of being the

only publication in the industry which will attack the truly controversial issues head-on. Preston Fields, a 16-year club industry veteran with the New Courtsouth Clubs in Knoxville, Tennessee may have said it best when he wrote: "The CLUB INSIDER will tell you not just the pretty stuff, but the facts as they fall, good or bad." After one year, it appears that this "tell it like it is" posture is providing The CLUB INSIDER with a special "niche" in the marketplace.

As we celebrate our 1st Anniversary, I want to thank all of you who have contributed so greatly to our first year success: My wonderful Dad and his wife Louise, my Brother Dave, Rick Caro and the members of the

Faust #1 Executive Roundtable, which conceived and developed the idea of the publication, Ron Hudspeth and Cathy Brown of Atlanta's Hudspeth Report, the great people at Walton Press, Monroe, Ga., all of our subscribers, all of our advertisers and all of those who have contributed articles and letters on important industry subjects. Without your help, The CLUB INSIDER would not exist.

My family and I sincerely appreciate and thank you all for your support!

As we roll into an exciting New Year, I want to wish you Happy Holidays and a Happy, Healthy and Successful New Year! 1994 has been a great year for The CLUB INSIDER thanks to you all and I predict that 1995 will be even better! Again, THANK YOU!

More Notes

continued from page 13

flu, I have several articles which were scheduled for this month that I have not been able to complete. Rather than do a "rush" job on them, I've decided to delay them until our January, 1995 New Year issue: (1) Our General Manager Compensation Survey data is in, but we have not completed the report yet. (2) My article on Hospital Affiliations entitled above is still in process. (3) A feature report on Gold's Gyms is in the works.

WAYNE WESTWOOD, owner of the Griffith Park Athletic Club in Portland, Oregon and former IRSA (now IHRSA) President, informs me that he is going to have to fight hard to try to stop some new "non-profit" competition. The Portland and Beaverton, Oregon Parks and Recreation Departments are floating two bond issues, one for \$58 million and the other for \$30 million. From those bond issues, they plan to build \$9 million and \$7 million state-of-the-art community fitness centers! Good luck Wayne as you fight this unfair competition!

The 1st Annual CLUB INSIDER Subscriber Satisfaction

Survey and Reader Nomination Listing is enclosed with your December issue. Please take a moment to give us your feedback on how we are doing and also take a moment and list some of your friends in the club industry who will receive two free samples of The CLUB INSIDER News. We will appreciate your survey feedback and marketing assistance!

JERRY EDMONDSON and his new partners, **KELLY PARHAM** and **HITESH PATEL**, opened a new, 10,000 square-foot club called **FAMILY FUN** and **FITNESS** in Gainesville, Georgia. The new club will provide a heavy wellness focus and a "Kid's Gym". Good luck guys!

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Club Owner Barred From Doing Business In Missouri

By William C. Lhotka

At its peak in 1989, Mademoiselle Fitness Centers catered to more than 30,000 members at 10 health spas across the St. Louis, Missouri Metropolitan Area.

That's before August Mansker, a businessman who had run salons in the suburbs of Washington and in Florida, got hold of the business.

By 1991, Mademoiselle

and a brief reincarnation called L. A. Fitness Centers for Women had closed, a victim of bankruptcy. Mansker blamed the failure on previous ownership.

In St. Louis County Circuit Court, a judge put the blame squarely on Mansker after hearing testimony from five witnesses during a trial on a consumer fraud suit.

At the request of Attorney General Jay Nixon, presiding Judge Robert L. Campbell barred Mansker from ever operating a business related to health spas in

Missouri again. And, Campbell set January 24, 1995 for a hearing on restitution to more than 5,000 people who have complained to Nixon's office. Mansker was a no-show at the hearing on October 24th in which he was banned. In the last six months, court records show, he has listed addresses in Independence and Kansas City, Missouri and in Aurora, Colorado.

Attorney General Nixon alleged that between June 10, 1989 and September 29, 1991, Mansker or his employees at Mansker's di-

rection "used deception, fraud, false pretense, false premise and unfair practice, misrepresentation and omission, suppression or concealment of material facts" in the operations of Mademoiselle.

In his order, Judge Campbell found that Mansker had failed to put expiration dates on electronic fund transfer forms. As a result, money was taken electronically from consumer bank accounts, even after membership contracts had expired or been paid off.

Among other findings, Campbell said, Mansker raised monthly fees to \$10.55 from \$9.95 by telling members the increase was needed to pay sales taxes. But Mansker never paid the Department of Revenue.

A year after Mademoiselle closed in St. Louis and two months after the attorney general sued, a special process server tracked Mansker down to a business in fashionable Overland Park, Kansas. Its name: Mademoiselle Lady's Spa.

Signature: _____

Date: _____

SUMMARY

I can honestly say that if five years ago you told me that we would be seeing Bally Health Club doing what they are doing today, I would have told you that you were full of it. But, today I can say that based upon what I have seen so far, the Bally Health Club chain is doing some correct and remarkable things to right the ship before it capsizes. The question still remains: Can the plan be executed and followed through so that not only Bally improves but the industry image at large is improved?

Arthur Goldberg, Mike Lucci, Harold Morgan and Sandy Silver all hope so. So do I.

...Bally

continued from page 9

Here is a brief overview of some of the contents of the Chapter on Legal and Ethical Issues in the Bally Sales Training Program. The Introductory statement is illuminating because it sets forth the basis for the Chapter:

BALLY'S LEGAL AND ETHICAL POLICIES: In our industry most legal and ethical problems result from:

- Misrepresentation or failure to give information.
- High-pressure sales.
- Failure to provide equal opportunity or access.

Right at the top, they are honestly and openly confronting the ills that are most important:

•The Section on misrepresentation or failure to provide information.

•The Section on High-Pressure Sales and why HPS should be avoided.

The various Sections in the Chapter on Legal and Ethical Issues reads like a roll-call of offenses from Bally's past. But the difference..... and it is a HUGE difference..... they are teaching their employees WHAT the issue is, WHY the issue should be avoided and HOW to conduct business successfully without being involved with the problem.

The Legal and Ethical Chapter of the Bally's Sales Training Program is honest, clear and gets to the heart of the matter. As I had suggested in my October article entitled: "BALLY HEALTH

CLUBS.... Where Do They Go From Here?", and before I ever reviewed the Bally Training Program, and I quote: (5) Develop, adopt and adhere to an IHRSA type of CODE OF CONDUCT, STANDARDS and PLEDGE for all clubs and their employees."

Well, they have done just that with Bally's Legal and Ethical Statement:

STATEMENT

Bally's is a professional organization committed to the health and fitness of its members and employees. Each employee is expected to maintain the highest legal and ethical standards for conducting business.

Any employee found to violate the following guidelines or

those in the Legal and Ethical issues workbook can be subject to disciplinary action, up to and including termination and legal prosecution.

•Present customers with true information regarding services, facilities, memberships, prices, financing and contracts.

•Welcome all customers to our clubs without any discrimination on the basis of race, color, sex, marital status, religion, age, national origin or disability.

•Treat all customers, members and fellow employees with respect. Harassment intimidation will not be tolerated.

I have read and understand the Legal and Ethical Issue workbook and the Bally's legal and ethical statement.

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Q Clubs And Dean Kachel Clash

By Norm Cates, Jr.

Q. The Sports Clubs are a chain of 45,000 square-foot clubs developed by Frank Leonasio, formerly of the Scandinavian chain based in Ohio. During the last three years, Leonasio has established new Q. Sports Clubs in Jacksonville, Florida, Memphis, Tennessee, Austin, Texas, Phoenix, Arizona (3) and Houston, Texas (4). In each market, the Q. Clubs have taken a bite out of the profits of established club operations in the respective areas.

Dean Kachel, is the founder and owner of the 15-year old Quadrangle Athletic Club and a former Board Member of IHRSA. During the last year, Dean has very successfully competed with a brand new 22,000 square-foot, state-of-the-art club known as About Fitness, which opened in December, 1993. Dean's Quadrangle club competed by: (1) Adding a significant expansion and remodeling of his club areas for weight training—combining the free weight areas with the selectorized machine area

and upgrading the aging facility with new interiors. (2) Installing the Cardio Theater and expanding his cardio-vascular area. (2) By merger-take-over of his nearest competitor, a 10,000 square-foot facility known as Coral Springs Fitness. Combined, these three thrusts produced improved financial results for Dean and M. J. Kachel, even in the face of a brand new 22,000 square-foot club located just 1/2 mile up the street!

Q. The Sports Club has made application and received approval for a variance to install a sign for their new club which was to be a 12' high "Q" with the words: The Sports Club depicted in 9" letters. But, that is before Dean Kachel got ahold of the situation. To the Q. Sports Club people, the 12' high Q is sculpture. But, the city planners who approve such applications disagree. To them, the "Q" is a sign and shouldn't be allowed because it would be four times the height permitted by the city code. However, the city commissioners sided with the Sports Clubs representatives, voting to allow the "Q" to be put up despite the objections of the city planning staff. "It looks to me more of a

sculpture design, aesthetically pleasing," Commissioner Maureen Berk said. But, Dean Kachel is angry and has attacked the approval aggressively. "We have abided by the rules and regulations," said Kachel. "Why all of a sudden is a 12-foot sign approved? That's the name of their business. Don't tell me about sculpture."

Kachel has run his business for 15 years and has tried unsuccessfully to get a larger sign, he said. "The city is setting a dangerous precedent when it starts deciding what is art," he added. Coral Springs, Florida is famous for its rigid and limiting signage policies..... denying even the world famous McDonald's Arches a permit. However, after Kachel went to the city commissioners with his objections, he was able to get them to vote 5-0 in favor of his request to suspend the permit approval for the Q club until the commission has completed a complete review and possible relaxation of the strict policies, a review which has been planned for some time. The height of the proposed "Q" is six times bigger than what the city code allows. This decision was reversed

with the help of Bill Griffin, a member of the Coral Springs Chamber of Commerce who spoke against the decision and Bill Stradling, a commissioner who missed the original approval

meeting due to illness, who asked that the variance approval previously approved by suspended. Good Luck to Dean Kachel with his battle with the Q Clubs!

Norm Cates'

THE Club Insider

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JUSTIN CATES

By Dad

Justin Cates is a good boy. He is nine years old..... going on ten. He will be ten years old on January 18, 1995.

"Just in case" you ever forget his name..... remember..... "JUST IN CATES!"

Justin Cates is in the 4th Grade and he goes to a wonderful school..... the Sope Creek Elementary School. Sope Creek is named after an Indian Chief who used to roam the hills surrounding the school. Sope Creek may be the best elementary school in America. Justin's teacher's name is Ms. Sebren. She is a very good and a very patient teacher.

This story is about how lucky Justin Cates and his Dad are. They are lucky because his Dad is the Publisher of The CLUB INSIDER News and also works as Mr. MOM. For Justin's first eight years, Dad was not home with Justin very much because Dad was always at his clubs working. Now, Justin and

his Dad get to spend a great deal of time together because Dad works at home with his computers, his fax machine and his many telephones. Dad works almost every day on the great new CLUB INSIDER News. Mom works at our beautiful antique/collectibles store in Roswell called: "The SHOPS OF DISTINCTION." Mom loves her business and sometimes Justin goes to the store with Mom. Justin and Dad enjoy this life style a lot because Dad is always home waiting for Justin when he gets off the bus. And, because Dad can bug Justin about his homework and about the "rules of school" which Justin recites each morning before leaving.

Justin played soccer in the 1st grade and now again in the 4th grade. Justin's team, the Cosmos, had a great year with a record of 10-1-1! The only loss Justin's team experienced this year was at a post-season tournament in Athens, Georgia, the same place where the Olympic Games Soccer Matches will be played in 1996. Justin is proud to be a member of the Cosmos Team which is Coached by Coach Alan Rothstein and Coach

Joe Townsend. Justin's team was undefeated because Coach's Alan and Joe were very good coaches and because there are a lot of the boys who are very good soccer players. The best players were fun to watch and learn from. The best players included Zachary, Matt, James, Brandon and Greg, but all of the boys played very well as a team. These guys were very kind to Justin as he worked hard on his game. Congratulations to the Cosmos and thanks very much to Justin's great coaches who devote a lot of time to the team.

Justin is a speed skater who can really fly. He likes to speed skate when he is not playing soccer.

Justin can also run like the wind. Dad thinks Justin has a potential future as a great running back in football should he choose to try that game. But, Dad tries not to bug Justin about football.

Justin is a mechanical genius. He likes to build many things with Legos and he loves to take things apart and put them back together. Justin gets his mechanical skills from his two Grandfa-



thers, Norm Cates, Sr. and Stephen Lesko who passed away before Justin was born.

Justin, his Dad and his

Mom Ilana, want to wish each and every one of you HAPPY HOLIDAYS and a VERY HAPPY AND HEALTHY NEW YEAR!

Successful, Long Term, Happy Salespeople?

By Casey Conrad

After more than 10 years in the health and fitness industry one question I am still being asked is: "What can our club do to keep salespeople LONG-TERM? Let's face it, no matter the type, size or geographical location of a club, employee turnover with salespeople is and always has been a big challenge industry-wide. Given the fact that membership sales is responsible for almost all of the revenue a club generates, high turnover in your sales department is very costly. Every time a salesperson leaves, there is a negative effect in the entire club. Members are unhappy because they are losing their "connection" with the club resulting in fewer referrals, hence fewer new memberships; co-workers are affected because a team member is gone; there is the challenge and expense of finding and training new employees; and, the club loses sales due to downtime between the leaving or

dismissal of a rep and the hiring of a new one.

As you are probably well aware, the benefits of keeping salespeople are the exact opposite. Long-term employees know members which means lots of referrals as well as renewals. Co-workers become closer professionally and personally and that creates a positive working environment. This leads to a sense of security for the members which, in turn, has an incredibly positive impact on the entire atmosphere of the club. These are just a few of the many benefits a club can expect to enjoy when salespeople stay long-term.

So, the question still remains. "What can your club do to keep salespeople long term?" A big part in keeping sales people long-term is regular sales training. Unfortunately, most clubs have neither a structured training program or a full-time sales trainer. Often it is the sales manager who is responsible for training new and existing employees - on top of selling memberships as well! Even when he/she has the best of inten-

tions, the fact of the matter is that the club - with its constant interruptions and "fires" to put out-is a difficult place to try to get quality training time in. But the existence of all these challenges does not alter the fact that regular training is a necessary element in keeping salespeople long-term.

So, why is regular training important? First and foremost, regular training gives salespeople the skills needed to be successful. Attitude is important, but if someone doesn't have the necessary skills, he/she isn't going to sell enough memberships to make themselves or the club very happy.

Second, regular training sends employees a clear message that the company values them enough to invest time and money on them. Too often the only time sales reps receive training is when his/her numbers are down. At this point training can come across as policing and can be viewed as more of a threat than a benefit. The message is interpreted as, "If you don't do some-

thing different to start selling more memberships (and of course, since there is no ongoing training, the manager has no clue what that could be), you're probably not going to have a job." Frequently that is the case. When sales training is done regularly it will not only prevent a fear of training but will give sales reps a sense of security and worth.

Finally, regular training keeps salespeople fresh and motivated. Although no two days are ever the same in the club business, after months of giving the same tour and presenting the same memberships, salespeople stagnate and become demotivated. Regular training that infuses new sales ideas, perspectives and product knowledge will bring new excitement and new challenges into the position.

The first step to starting and maintaining a regular sales training program is outlining the sales process - everything from the "pre" to the "post" sale: goal setting, prospecting, phone contact, needs analysis, tour, etc. Each step will represent one area of training and should be broken down into smaller steps. Take, for example, the tour. Within the tour a salesperson must have skills in product knowledge, be able to tie features into benefits, get prospects engaged in the tour and have them make small commitments throughout, pre-handle objections and comfortably bridge into the price presentation. By breaking down each step of the sale, you will have dozens of training topics that can be covered in shorter amounts of time. And, by listing topics in a log, you can have accurate records of trainings covered for each of the sales reps.

Training should be done in both group and individual settings. Weekly sales meetings provide a great setting for group training. One way to foster a team spirit is to have one person play the role of prospect and the rest of the team collectively act as the salesperson. This is one way to build confidence while at the same time making the training a creative brainstorming experience. Individual training is where a sales rep's skills should be honed. Knowing that they will not be under the watchful eyes of their peers, a salesperson will feel more comfortable role playing one-on-



Casey Conrad

one and then receiving constructive criticism from their trainer.

Sales training that does not come from an in-house source is another important element. It is very common for sales reps to start questioning his/her manager or trainer. Outside material gives credibility to your clubs in-house training. Books and audio cassette tapes are an excellent and inexpensive form of outside training. Conferences and seminars, such as those put on by IHRSA, are a wonderful form of outside sales training. Not only are they educational experiences, conferences and seminars give salespeople quality time out of the club while in a very positive environment. As a result, salespeople come back refreshed and motivated to use their new skills.

Of course, getting to know the different types of training available is not usually the problem - it's getting to the place where training is being done on a regular basis that is the challenge. Well, as we are constantly telling new members starting an exercise program: "In order to create a new habit you need to stick with something for a minimum of 21 days." When it comes to regular sales training, I challenge you to take some of our own advice to heart.

(Casey Conrad is the President of Communication Consultants, a company dedicated to bringing high-quality sales and communication seminars and consulting services to fitness professionals. Casey is the Author of "SELLING FITNESS.... the complete guide to health club membership sales." Casey has also recently introduced "MASTERING FITNESS SALES", an exciting new health club sales training program featuring monthly audio cassette tapes and workbooks. Casey may be reached at (401) 725-6147.)

MAKE
IT
FUN!

...Predictions

continued from cover

companies..... the 15 to 20-year players will seek new challenges.

JACK DENNISON, President and Owner, Cedar Springs Athletic and Racquet Club, Ontario, Canada:

- (1) Significant increase in youth add-ons to membership.
- (2) Establishment of extra revenue producing activities and events.
- (3) Growth in revenues from physical therapy.

JACK predicts: Canadian economy continuing flat but expect moderate membership growth in families and special feature programming.

JOE CIRULLI, owner, Gainesville Health and Fitness Center, Gainesville, Florida:

- (1) For me, my decision to build a new club.
- (2) Other than that, it would have to be The CLUB INSIDER News!

JOE predicts: (1) More hospitals will be entering the wellness market by building their own facilities or trying to affiliate with quality clubs in their area.

IRMA CAMPBELL/COOK, Executive Director, Northwest Athletic Club Association:

- (1) The Health Reform Issue focused on the value of preventive care - that's where our industry has expertise!

IRMA predicts: I hope to see more excitement about enjoying an active lifestyle - "slip into your active wear and enjoy your club." "Not, pull on your sweats and commit to work-out!"

CURT BEUSMAN, Owner Saw Mill River Club, Sportsplex and Hudson Valley Club, New York and Conn.:

- (1) Exciting new cardiovascular equipment such as Cross Conditioning Systems and Sky Walker.

(2) Bally's becoming more legitimate and professional.

Curt predicts: (1) More growth in family/children's activities, particularly at suburban clubs. (2) More price fragmentation at previously one-price clubs.

TODD PULIS, Owner-The Thoreau Club, Concord, Mass:

- (1) IHRSA finalized the first relationship with MetLife.

(2) Bally and some others appear to be admitting the low-end approach doesn't work.

Todd predicts: (1) IHRSA must face up to the dual standards - for profits vs non-profits. (2) Law suits will continue to plague club owners. (3) Large medical complexes will continue to be a threat/How do we join in?

JERRY BOWES, Owner- Westbay Athletic Club, Bradenton, Florida:

- (1) The creation of The CLUB INSIDER News has brought an honest owner-operator view point to our industry that has had a significant impact on our operation. The other publications out there are good sources of education, but lack in a "view of our state of affairs" due to their ties to other concerns, i.e. advertisers, membership, etc. The CLUB INSIDER, however, gets right to the heart of the matter, cutting through the extraneous. This helps greatly by not wasting my time with idealistic babble. Keep up the good work!

Jerry predicts: I believe we will see a cautious, but steady expansion of the sound club operators. Banking industry is starting and will continue to loosen up. Washington will be more pro-business due to Republican victories - this should all lead to a more sound business climate. Hope our industry will push for non-profit reform as it continues to be a "classic" example of "unfair competition."

JILL KINNEY owner CLUB SOURCE, San Francisco, California:

- (1) Sports Club Company public offering.

(2) IHRSA name non-change/change.

Jill predicts: (1) Strong growth in corporate memberships sales and health-promotion services. (2) More consolidation in the industry (less players) (3) Higher profits.

GEOFF DYER owner of Lifestyle Fitness Centers, Tampa, Florida area:

- (1) Sky Walker will impact the Club Industry the same way the Stairmaster did 10 years ago.

(2) VIE Magazine will elevate participating clubs to a higher level than competitors (measurably).

Geoff predicts: (1) A big growth year...many new facilities will be established. (2) Higher member traffic....increased utilization and retention. (3) Cardiovascular equipment will increase market share considerably.

DEVRI DOTY, Griffith Park Athletic Club, Beaverton, Oregon:

- (1) Research out of Cooper's Clinic continues to impact and support the direction of our industry. The strength of their findings, through the eyes of the media and in turn to the American public, really do lend a credibility to our business. Our mission is made a little bit easier through Cooper's support.

(2) Corporations are finally waking up and seeking us out after many years of pursuing them. On a local level as well as nationally, companies are taking aggressive steps to developing corporate wellness programs for their employees. It's been a long time coming, but at least the ball is rolling!

DEVRI predicts: More and more corporate involvement. In time, I think that we will see insurance companies joining force

to make the total package even more appealing. (2)Simplicity! We must always think of ways to make our members' workouts simple, hassle free and QUICK! More so than ever, people work out to make their lives more healthy and possibly longer. While educated members certainly want their money's worth in terms of upgraded equipment and clean locker rooms, they seem to care less about the social events, etc... make it simple! (3) We don't expect huge gains in income, we are budgeted for '95 the same as '94.

ZOE VEASEY, owner Cedardale Athletic Club, Haverhill, Ma.: (1) Positioning our clubs in "Upstream Health Care."

Zoe predicts: Strengthening that position!

RUTH STRICKER, owner of Ruth Stricker's the Marsh - A Center for Balance and Fitness, Minnetonka, Minnesota: (1) Members are looking for both active and passive areas to use in fitness centers.

(2) Interest and credibility of alternative medicine is growing.

(3) Personalized, one-on-one, services are very important. After Oprah revealed her story, a stronger interest in personal strength training was noticed.

(4) Members are looking for a non-threatening, non-intimidating environment.

(5) Workouts become less intense, "soft edges on hard bodies", more recreational and fun.

Ruth predicts: (1) Insurance companies will be more involved in preventative care, looking at health clubs for assistance. (2) People will be looking for more full service options. Services to accommodate their aging needs. (3) Moderation. (4) The medical community will be more active in physician referral programs.

NORM CATES, JR., Publisher and Editor, The CLUB INSIDER News, Atlanta, Georgia:

(1) The CLUB INSIDER News securing a "niche" in the club business publishing world which provides the opportunity to "tell it like it is" relative to important club industry issues.

(2) The Exercere battle at IHRSA ending up with two winning situations:

(a) 90% of voting IHRSA members vote to ratify name change to IHRSA, thus unifying the membership behind a name they can support.

(b) The creation by IHRSA of a completely new and innovative communication program including: Open Forums, CBI Letter to Editor, CBI Suggestion Cards, New IHRSA Newsletter along with a new attitude of listening by the leadership.

(3) Bally's Health Club's new plan to turn the Bally organization into a reputable and service oriented group, instead of a sales driven group.

(4) No health care reform passed after an idealistic/slightly loose cannon President and Co-President try to ram a Socialist Program down our throats!

Norm predicts: (1) Relationships with Hospitals and "For-Profit" clubs will begin to grow rapidly as the industry leaders who understand what it is all about progressively educate the rest of the industry about why it is good for them to be involved in their community with hospitals. (2) Bally will come to conclude that they must cut ties with many "old guard" employees in order to succeed with their new programs and will turn to IHRSA to produce the "new crop" of managers and leaders who will bring Bally to a standards and quality level with IHRSA clubs. (3) President William Rodham Clinton will be impeached when "underground" sources reveal behind the scenes deals with the liberal media in America during the 1992 election.

...Control

continued from page 4

of training programs. However, the primary objective is to allow owners/managers the ability to uncover positive as well as negative information.

Dan Granader, the Owner and President of 14 World Gym Fitness Centers in Houston, Texas, says: "We use the shop service as an ongoing part of our training program and the results have been significant. We are able to see our operations from a third-party unbiased view. It has been a tremendous asset."

It is this combination of

continual, unbiased, anonymous "Customer Feedback" that gives the evaluation its genuine value. Friends, neighbors, relatives, supervisors and even the owners themselves would have a clouded, if not biased, view of the true customer's experience. In many cases friends and relatives enter into the assignment for the wrong purpose..... perhaps visions of free memberships or gift certificates at the pro shop. Even supervisors who may be quite capable of monitoring and reacting responsibly to the task are not able to obtain the true customer experience. The presence of supervision alone solicits a surre-

alistic front for the benefit of the supervisor. It is this natural response to the presence of management that unfortunately falsifies this method of retrieving realistic customer feedback.

Survival in the 90's obliges Health, Racquet and Athletic facilities to discover what their guests honestly think about their operations. We must constantly evaluate our procedures and continue to change and improve. No single technique gives all the answers as to which improvements to make and which to avoid. Yet, using shopper reports, you can make informed decisions about how to survive and profit in

the 90's.

By the way, Mr. Smith enjoyed the facility, but due to his bad experience, he decided to look around. A few days later he joined the club across town, which was more expensive, less convenient, but provided personal, professional service.

Remember, "Members don't pay for products, they pay for service. Quality service is how a club's perceived value is created."

(Jeff Stokes is the Vice President of CLUB SERVICES, a national "Shopper Service" firm located in Fairfax, Virginia. Teamed with their sister company

RESTAURANT AND HOTEL SERVICES, they provide reports to over 3,000 clients nationwide. To learn more about CLUB SERVICES, contact Jeff at (800) 777-6699.)

Editor's Note: In the October Issue of The CLUB INSIDER News, one of my recommendations to the Bally Clubs was to employ a club shopper service to help enforce their new company standards and policies. While I think that virtually any club in America could benefit from this service, I believe that the Bally Health Clubs would benefit tremendously from regular shopping visits for all locations.



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