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THE Club Insider[®]

NEWS

The Pulse of the Health, Racquet & Sports Club Business

DECEMBER 1997
VOLUME IV NUMBER 12

HAPPY  HOLIDAYS And A
Healthy, Happy New Year

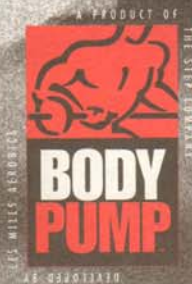


Northwest Athletic Club Company *Board Of Directors*

(front row from left) Dean Wallace, Chairman; Karen Gerhart, General Manager; Jennifer Harding, Secretary/Treasurer; (middle row from left) Randy Huber, Wayne Westwood, Chuck Richards-Vice Chairman, Jim Kusnerik, Steve Shapiro; (back row from left) Dale Pullin, Jack Tawney and Mark Eisenzimmer

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NEWS

The Pulse of the Health, Racquet & Sports Club Business

CLUB INSIDER News Celebrates 4th ANNIVERSARY!

By Norm Cates, Jr.

The CLUB INSIDER News is now in its 5th year of publication!

Since December, 1993, we have been serving the health, racquet and sportsclub industry with the only newspaper in the United States dedicated to the business. Our primary thrusts have come on three fronts:

(1) NEWS WHILE IT IS STILL NEWS! We publish the latest breaking industry news FIRST. We are happy to be able to scoop those "glossy magazines" by providing you with industry news while it is STILL news! We usually print the latest news at least one month and often two months in advance of the glossy mags. This true news thrust makes The CLUB INSIDER the publication that owners and

managers read first! It also makes The CLUB INSIDER News a tremendous vehicle for the messages of our advertisers. Not only is their message seen first, it is passed from key person to key person throughout organizations around the U.S. and the world.

(2) EDUCATIONAL FOCUS FOR THE BOTTOM LINE - The CLUB INSIDER News is the only publication in the industry published by a veteran club owner/operator with 24+ years of club industry experience. We publish practical, useful articles written by our terrific contributing writers - all veterans - active in the industry. Involved with IHRSA since it began 17 years ago, I've had the honor and pleasure of knowing and working with many of the top leaders in our industry. The CLUB INSIDER has successfully utilized those many excellent connections to

deliver articles which help owners and managers professionalize their operations and improve their bottom lines. The CLUB INSIDER News is dedicated to the mission of contributing to the industry's process of continuing education through publication of educational articles and the promotion and assistance of organizations that share these same goals.

(3) "TELL IT LIKE IT IS!" The politics and events of the health, racquet and sportsclub industry are in a constant state of change. During our first four years of publication, many happenings in the industry have been talked about, but have not been mentioned in industry trade publications....except The CLUB INSIDER News. From the beginning, our mission statement included the notion that issues negatively impacting the health,

racquet and sportsclub industry should be met head on and addressed, not swept under the rug to be lost without the damage being stopped or mitigated. The CLUB INSIDER News has gone after and will continue to go after the tough industry issues. Bottom line is that we believe that any issue or event that is harmful to the industry should be reported and commented on from the club owner and operator's perspective. The CLUB INSIDER News has become the "voice" of club owners and operators everywhere and will continue to "TELL IT LIKE IT IS!"

The CLUB INSIDER News MISSION STATEMENT

The CLUB INSIDER News is dedicated to reporting health, racquet and sportsclub in-

dustry news first while it is still news. We are committed to an ongoing and continued pursuit of excellence and professionalization of the industry through publication of articles written by industry experts on a variety of topics and through the promotion and assistance of organizations that have the same goals. The CLUB INSIDER News stands prepared to "Tell It Like It Is" relative to important industry issues that are detrimental or negative to the health, racquet and sportsclub industry. The CLUB INSIDER News is unique in an industry heretofore covered by publications focusing only on the mundane aspects of events of the day.

(Norm Cates, Jr. is the Founder, Publisher and Editor of The CLUB INSIDER News and a 20+ year club owner and veteran operator. Cates was the 1st President of IHRSA and a Co-Founder of the Association in 1980/81.)

What's Up With Regional Associations?

(Special thanks to the Executive Directors of the Regional Club Associations in the U.S. and Canada for their contribution to this article.)

There is change in the wind in regard to Regional Club Associations around the country. In the Northwest, NACA, the Northwest Athletic Club Association has been shut down and replaced with NACC, the Northwest Athletic Club Company and in Mountain Coun-

try, WAC, the Western Association of Clubs has scaled back.

On a positive note, SEHRSA, the Southeastern Health, Racquet and Sportsclub Association which consists of only clubs from Florida, has been formed, primarily to fight the state sales tax. In Texas, THRSA, the Texas Health, Racquet and Sportsclub Association, for Texas clubs only, has been founded and is up and running.

NEHRSA, the New England Health, Racquet and Sportsclub Association (See Regional Associations page 6)

HealthTech Chairman, Gordon Hall and Others Indicted!

New York, New York - Gordon Hall, the Chairman and CEO of HealthTech International and Joe Kirkman, former President of the company's medical division, were arrested on charges of participating in an effort to unlawfully raise the price of the company's stock. HealthTech is a company that for the last sev-

eral years has been acquiring mid-size athletic clubs for redevelopment and operational turnarounds. Hall was indicted by a Federal grand jury on charges of wire fraud and conspiracy to commit securities fraud. He was also charged with racketeering. Also indicted by Federal, New York City and SEC law enforcement officials were six Wall Street stockbrokers and five re-

puted mobsters. The 25-count, 97-page indictment unsealed in Federal Court on November 25th named Hall, alleged members of the Genovese and Bonanno families and brokers from the firm Meyers Pollock Robbins in the action.

Mary Jo White, U.S. Attorney in New York, told a news conference announcing the indictments, "The defendants are charged (See HealthTech page 20)

PRIMEDIA/INTERTEC ACQUIRES CLUB INDUSTRY MAGAZINE & TRADE SHOWS

By Norm Cates, Jr.

In a move which provides further validation of the future of the health, racquet and sportsclub industry, Inter-tec, a division of Primedia, acquired Club Industry Magazine and Trade Shows. The acquisition included all divisions of Cardinal Business Media, the former owner of Club Industry Maga-

zine and Trade Shows. Primedia trades on the Stock Exchange under PRM and was formerly known as K-3.

Primedia/Inter-tec publishes more than 70 publications including Fire Chief, American Schools, Cities and Counties and various real estate publications. Inter-tec is currently the 4th largest business to business publication in the U.S. Primedia, an industry giant, publishes Modern Bride, Seventeen and New York

Magazine to name a few. Inter-tec is a 103 year old company which began and is still based in Overland Park, Kansas. Inter-tec began as The Kansas City Farm Implement Journal.

David Primo, the Group Publisher for Inter-tec comments, "Club Industry Magazine is a perfect fit for us. We have no plans to change the publication significantly except we will be able to devote some of our resources to more re- (See Club Industry page 20)

Inside The Insider

- CLUB INSIDER 1997 Review
- Examining The Mandated Costs - Part II
- Positioning Your Club For Success
- A Newer Look At Member Retention
- Moore Fitness Beats City Hall
- Are We Effectively Growing
- The Game Of Tennis?

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THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

CLUB INSIDER News 1997 Year In Review

An awful lot happened in the health, racquet and sportscub industry during 1997 and **THE CLUB INSIDER** News has chronicled many events. Here are a few of the news items that we covered during 1997. If you would like to read these articles again or if you didn't receive **THE CLUB INSIDER** News we have the 1997 editions available for only \$39. Call (770) 850-8506 with your American Express or Discover Card or send \$39 to **CLUB INSIDER** News, P.O. Box 671443, Marietta, Georgia, 30006-0025.

1997 In Review

• Trotter Acquired Cybex • Sheryl Marks Brown, Executive Director of ACE Named As Special Advisor to California's Governor's Council on Physical Fitness & Sports • Green Valley Athletic Put Up for Sale • Fitcorp and Health Development Corporation Team Up For Marketing Alliance • CSI Acquires International Wellness Center in Denver • John O'Donovan Joins WAC as GM of Pacific Athletic Club • Geoff Dyer's Lifestyle Fitness Center and Bayfront Medical Create Alliance • Spikle Gonzales Chronicles 10 Reasons Tennis Has Declined • 24 Hour Fitness Names Niki Taylor As Spokesperson • IHRSA Publishes American Health Club Experience Document to Illuminate the Feel-

ings and Needs of Consumers • CSI Purchases 12 Northwest Athletic Clubs - Adds 120,000 members and 1,400 employees • C Power - manufacturer of Skywalker Files for Bankruptcy... shutting down Skywalker and leaving customers high and dry for parts and service • ICON Enters Agreement to Acquire Hoggan Health Industries • Mark Mastrov, CEO of 24 Hour Fitness, names Ron Thompson and Craig Pepin-Donat as Presidents of Southern and Northern Divisions of 24 Hour Fitness • Rich O'Reagan joins Trotter/Cybex After Departing BMW Corp. • TCA Fosters 'Play Tennis Chicago' - A Community Tennis Program For Underprivileged At Chicago's Park Districts • **CLUB INDUSTRY MAGAZINE** announces First Ever Distinguished Women's Awards • Australian Body Works Celebrates 15 years • Georgia Legislator Introduces Potentially Consumer Harmful and Dangerous Legislation • Universal Gym Shutdown Denied By Officials Months Before Filing Chapter 11 • Universal Gym Equipment Files Chapter 11 • IHRSA Educates and Entertains 8,000+ in San Francisco • Lee Hillman of Bally Total Fitness Rolls Out A Progressive and Aggressive Turnaround Plan for Bally Total Fitness • Reebok Turns Back on Skywalker Customers - Offers No Help Whatsoever For Buyers In Need of Parts and Service •

Augie Nieto, CEO and President of Life Fitness, Hits Tree While Driving Snow Mobile In Europe • Nick Orlando Promises Norm Cates Scoop on StairMaster Deal • Nick Delivers On Promise • Jim Gerber Honored By IHRSA Friends With Distinguished Service Award • Dennis Keiser and Keiser Corporation Receive IHRSA's Associate Member of the Year Award • Kathy Oppenheim Receives IHRSA's Fitness Director of the Year Award • Ray Wilson and Eric Levine and Partners First Pacific Davies Launch 1st Ray Wilson's California Fitness Center in Hong Kong • Norm Peck Joins ACE After 6 Years With Ektelon • Workout America Closes Six Atlanta Area Locations Leaving 60,000 Members In The Streets • Life Fitness Introduces New 9500 Cross Trainer • Heart Communications President Michael Hoffman Signs Deals With Club Corporation of America and Star Trac • Florida Club Owners Form SEHRSA To Fight Sales Taxes • Sales Makers Conducts 10th Annual Sales and Marketing Classic • CSI Purchases Flagship Athletic Club • Reebok Silent On Skywalker - Ignores Ethics of the Issue • Fitlinxx's Keith Camhi and Team Develop Relationships With 24 Manufacturers • Leisure Sports, Inc. Operators of Clubsport Clubs Enters Into A Deal With Westin Hotels To Build As Many As 40 Locations • Carl Porter, Developer and Director of the 170,000 Square Foot Michigan Athletic Club In East Lansing, Michigan, Accomplishes 100,000 Sq.Ft. and \$9 Million Expansion • Jim McPartland, President of Star Trac by Unisen Hires Jim Teatum and Don Gronachan • Brunswick

Acquires Life Fitness • Q Clubs Construction Stopped • Ray Wilson Honored By California Legislature • Lifetime Fitness In Minneapolis/St. Paul Agrees To Pay Penalties For Misleading Ads • Ben Emdin Elected IHRSA President... Gale Landers, Nestor Fernanez and Mike Myers Elected to IHRSA Board of Directors • 24 Hours Fitness Buys Gold's Gyms in Texas, Oregon and Washington • CSI Acquires Harbor Club in Tampa • Australian Body Works Opens Cardio Theater Express Health Club in Kroger Store in Atlanta Suburb • NACA Shuts Down, NACC Starts Up • Ray Wilson Receives Lifetime Achievement Award From National Fitness Trade Journal • Bob DelMonteque Honored As Humanitarian of the Year in Los Angeles for Work With Kids • Jeff Randall Sells Squash Club to TSI • Biz and Karen Stark Become Owners of Market West Athletic Club in Philadelphia • TCA Acquires 51% Ownership of Sporting Club Windy Hill in Marietta, GA. • 24 Hour Fitness Leases Sporting Club at Lakeshore Towers in Irvine, CA. • Gordon Johnson's Gold's Gyms Win Two Awards • Bally Total Fitness Develops and Shares "Golf Workout" • Bally Total Fitness Raises \$96 Million • Ray Wilson Urges Monthly Dues • Bally Total Fitness Adopts New Revenue Recognition Method • Body Pump Rolled Out By The Step Company • Sports Club Company Acquires Green Valley Athletic Club in Las Vegas • Tim Mansour First Ever To Win SBA Award! • Sports Club Company Enters Agreement to Acquire Gold's Gyms • Gold's Gym Acquisition Deal Blows Up • StairMaster Sports/Medical Products Sold To Senior Management Team and Rutledge Partners • Virtual Tennis

League Launched • Jim Foster, Boston Lawyer, Sues HealthWorks For Male Admission • David Swope Sells CLUB FIT, White Plains to TSI • Tom and Meg Kelly Conduct Article Writing Contest to Raffle Off Their Club • Bob Chaiken, Veteran Club Operator Moves To Denver to Take Over CSI's Denver Operations • NACC Becomes Official • Rumors Rampant About Life Fitness' Acquisition of Hammer Strength... Augie Nieto and Tom Proffitt Not Talking • Lee Hillman Hires Hospital/Club Consultant Jason Conviser to Work For Bally Total Fitness • Sport and Health Wins Bid For Tyson's Corner Sporting Club • Bally Total Fitness Buys 13% Notes • IHRSA and Bally Total Fitness Fund State Tax Repeal Efforts • 14 New York Area Living Well Lady Fitness Centers Close • Larry Gurney Honored By A.A.U. & American Body Building • Town Sports International Seeks \$75 Million • Sport and Health Announces Aggressive Growth Plan • Healthworks Loses In Summary Judgment • Gerry Bowes Seriously Injured In 25' Fall From Top Of Racquetball Court • Club Industry Women's Awards Finalists Awards Named • Harm Tegelaars Hits It Big With Sale of Archer Leisure Limited • Ray Wilson and Eric Levine and First Pacific Davies Sign Second, Third and Fourth Far East Deals • Life Fitness Acquires Hammer Strength • Club Industry Trade Show Last Under Cardinal Media Ownership As Magazine and Trade Shows Are Sold To Primedia/Intertec Shortly After Show • IHRSA Funds Legal Defense Of Women's Only Clubs • IHRSA's 17th Annual Convention and Trade Show Scheduled for Phoenix, March 18-21, 1998 • Life Fitness Introduces the Cross Trainer 9500- Lower Body System • Seventeen Philadelphia Area Fitness Facilities Form Business and Marketing Alliance • Bryan Andrus Departs Life Fitness for Fitlinxx • Doug Levine's Crunch Fitness Opens Club In Japan • Med X's Jim Flanagan Scores Big With New Sales Team • USTA Allocates \$31.4 Million To Promote the Game of Tennis • **CLUB INDUSTRY** Magazine Awards Distinguished Woman's Awards For 1997 • New ACE Study Determines Group Indoor Cycling May Be Too Intense For Beginners • Body Pump Testimonials • Life Fitness Endorses FitLinxx As Industry Standard With New Agreement • Bally Total Fitness Announces Medical Advisory Board.

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Norm Cates' NEWS
 Publishing Since 1993

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•NORM'S NOTES•

HAPPY HOLIDAYS AND HAPPY NEW YEAR TO YOU ALL! As the end of 1997 draws near it is with great pleasure and happiness in my heart that I wish you and your family the Happiest of Holidays and the Healthiest of New Years! I want to express my appreciation and extend thanks to **MS. CATHY BROWN** and **RON HUDSPETH** of **The Hudspeth Report**, all the folks at **Walton Press**, my anonymous editor, all of our advertisers, Contributing Writers, the **Faust Executive Round Table #1** and my **Dad** and his wife, **Louise**, for their work, financial support and contributions to **The CLUB INSIDER** News over the past four years. And, above all thanks to all of our readers for reading **The CLUB INSIDER** News and making this effort possible by your support of our advertisers and your subscription investments.

JIM DONNAN is the Head Coach of the **University of Georgia Football Team** and his team just finished his second season as the **BullDawg** Head Coach with a 9-2 record! They meet Wisconsin in the Outback Bowl on the New Year. I rarely stray away from club business here in my column, but I must congratulate Jim and his team on a terrific season. And I just want to say to Jim: "Thanks old teammate for a great season and for sticking with your contract and turning down North Carolina's offer for \$850,000 per year! I believe you and the Dawgs are well on your way to another **BullDawg National Championship** real soon!

While I am straying, let me say congratulations to my son, **JUSTIN CATES** and his **Walton 6/7th Grade Football Team** that finished 11-0 and won the North Georgia Football Championship for their age group. 20-year veteran Head Coach **DAVE SAVULA** and his staff of

Coaches, **TED FRITSCH**, **JOHN VOLKERDING**, **BILL NEWSOME**, **P. J. DAVONPOUR**, **PAUL WATT** and **KEITH SMITH** all did a terrific job teaching the kids the great game of football and teaching them how to play as a team. Thanks guys for the great job you did for the team!

IHRSA, The International Health, Racquet and Sportsclub Association, just finished hosting its 6th Annual **IHRSA/Athletic Business Sales, Marketing and Programming Conference and Trade Show** in Orlando. The seminars were excellent and so was the trade show. The only problem to me appears that attendance was off at the Trade Show. In my opinion that stems from three reasons: (1) I think the **IHRSA Annual Convention** has become so terrific that many save their time and resources for it. (Don't forget to register and make hotel reservations for **IHRSA Phoenix**, March 18-21, 1998! (2) The Orlando destination has gotten old and many folks don't show because they have been there so many times. (3) The time of the year has also become an issue. By that I mean this convention and trade show comes right on the heels of the big **Club Industry Show** and right at the beginning of the busy holiday season. My recommendation? **IHRSA** should develop a Summer Convention and Trade Show which would allow all of those attending to use what they learn for the Fall selling season. It could be done in conjunction with the **IHRSA Institute** or even with a regional group meeting somewhere.

Congratulations to **RON** and **SANDY FRANCO**, owners of **Franco's Athletic Club** in Mandeville, Louisiana as their sales team won **IHRSA's Sales Team of the Year Award** in Orlando. Also, congratulations to **PAULA HANCOCK** and the **Dunfield Club/Sports Clubs of Canada** who won the 1st Runner Up and to **Cooper Fitness Center**, Dallas, Texas, who were the second runner-up. **BELINDA THOMPSON** and

ANNE WITTE received the award for the center. Also congratulations to the Fitness Director of the Year Finalists: **FRED KRONK**, **Gold Coast Multiplex**, Chicago, **LISA SHACKELFORD**, **Little Rock Athletic Club**, Little Rock, AK., **AMY SIMPSON**, **Health and Fitness Connection**, Fort Worth, Tex. and **KATHY LENZMEIER**, **White Bear Racquet and Swim Club**, White Bear, MN.

WOW! Just when I thought I had heard everything, along comes the news that **GORDON HALL**, the CEO and President of Mesa, Arizona-based **HealthTech International, Inc.** had been indicted for manipulating his company's stock which is traded over the counter. The caper was that he was indicted along with 18 others including a group of stock brokers and several members of alleged 'mob families.' This development is leaving shock waves across America and is news that we all could do without!

CLUB SPORTS INTERNATIONAL has acquired the **Sporting Club** at the Denver Tech Center. The club was one of **JACK NEIMAN**'s original clubs. This brings the total acquisitions for **CSI** during 1997 to 16 and the total clubs to over 50 facilities!

JIM EVANS has been named president and general manager of **Peninsula Enterprises, LLC**, dba **Peninsula Athletic Club**. Jim will coordinate the renovation of the naval athletic facilities for civilian use with a scheduled grand opening at the end of January, 1998.

AUGIE NIETO, the CEO and President of **Life Fitness** tells me that he expects to complete one more acquisition for **Life Fitness** by the end of the year. While not disclosing the name of the target, he did disclose that it is a strength equipment manufacture which specializes in the consumer equipment segment.

RACHAEL NARSH has joined **ACE** as Public Relations Coordinator. Rachael was formerly with **Jazzercise**.

My good friend **DICK TRANT** is looking for a General Manager for his club outside of Boston. He has been in business there for over 30 years and has served as the GM during that time.



Norm Cates, Jr.

He has decided to hire a GM because he is still suffering from problems stemming from a near fatal car crash that he experienced on Super Bowl Sunday two years ago. Check out the ad in this issue on page #27.

JIM WINTERS has been named Vice President of Marketing and PR for the **American Council on Exercise (ACE)**.

GREG SHERMAN has been promoted to Executive Vice President of **Star Trac** by Unisen, Inc. Sherman will expand his responsibilities to business planning, managing and financing expanded production capacity, developing informational systems and enhancing existing accounting and finance functions. Sherman was formerly the company's chief financial officer. Speaking of **Star Trac**, I spoke with **Star Trac** President **JIM MCPARTLAND** and his associates, **JEFF HILLS** and **ROBIN SHADE** at the recent **IHRSA Convention** and told them that their new "**Profit Enhancement Tools**" series is one of the best examples of 'thinking outside the box' that I've seen in the industry for a while. In short, the tools are designed to help club owners address the core business needs of fitness facility operators. For information on the new "**Profit Enhancement Tools**" call Jeff or Robin at: (714) 669-1660 or fax (714) 508-3303.

LAURIE McMANUS has been named Fitness Director for the **Worldgate Athletic Club** in Herndon, Virginia.

My apologies to **The Town**

Sports International Executive Management Team for failing to list their names in last month's cover story on **TSI** and featuring Mark on the cover. Mark had provided me with the list with a special request to include it with his article and due to a typesetting misunderstanding the Executive Team list was left out. But, their names appear below. Mark Smith placed great emphasis on the importance of his team and it is my fault their names were left out. The **TSI Executive Committee List** appears on page 26.

Word is **AL COCKRILL** a veteran of years with **York Barbell Company** has left the company.

KAREN and **SCOTT WOODARD**, owners of the **Pulse Fitness Centers** in Boulder, Colorado, have begun their pre-sale for a new 15,000 square foot facility in Longmont, Colorado. That will be their fifth operation with two fitness centers and two rock-climbing facilities. Additionally, the Woodards are opening a facility called **The Boulder Body Mind Center**. The purpose of the 3,500 square foot center is to make authentic traditions accessible to the community to inspire personal growth and deeper awareness of spirit, mind and body. The facility will provide classes in yoga, martial arts, meditation, pilates, NIA, nutrition and stress management. The facility will open on January 5, 1998.

Norm Cates' **THE Club Insider**
NEWS

Seeks

Contributing Writers

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...Regionals Association

continued from page 3

Sportsclub Association, MACMA, the Mid-Atlantic Club Management Association and GLCMA, the Great Lakes Club Management Association are the only remaining regionals that are still in place in their original form.

The lack of any organization for the Southeastern states of Georgia, South Carolina, Alabama, Mississippi, Louisiana, Tennessee and Kentucky and the far western states of Arizona, Nevada and New Mexico, represents a void in the national regional system.

When considering regionals, the demise of NACA and founding of NACC may be the most interesting. NACA had been a 'Not-

For-Profit' Regional Association consisting of clubs from Oregon, Washington, Idaho and Montana. NACA was without a doubt one of the top regional Associations in the U.S. But, the NACA leadership was not happy with the status quo. In particular, the leaders of NACA wanted an entity that would give their clubs two important ingredients that had been lacking: (1) The ability to band together for one common marketing message in the marketplace in order to compete with the chains that were established or expected to come into the market. (2) To be selective with their membership admission requirements. In other words, the NACA folks wanted a tougher membership admission standard than they had historically operated under and one that was even more strict than IHRSA. The goal of NACC was to protect the future of their clubs by being ag-

gressively competitive and highly selective in their admission of clubs.

The inherent problem with regional associations has been economics. How to go about creating, funding and operating regional associations in a meaningful, results-producing manner within the bounds of the economic restraints imposed by limited membership numbers.

Here is a report on the Regional Associations across the country. We will start in the far Northwest where NACC is now up and running.

NORTHWEST ATHLETIC CLUB COMPANY ORGANIZED

The Northwest Athletic Club Company, LLC (NACC) officially opened its doors for business on September 1, 1997. The first for-profit athletic company of its kind, NACC, started business with 57 partner clubs, all meeting specific standards and criteria. Currently, NACC partner clubs are located in Oregon, Washington, Idaho and Montana as well as affiliate clubs in California and Texas.

Members and founding fathers of Northwest Athletic Club Association (NACA), a non-profit organization formed in 1979 by a small group of club owners and operators in the greater Portland and Willamette Valley regions of Oregon, engineered NACC. Although NACA was one of the strongest regional athletic club associations in the United States, the members decided that they wanted to take the restructured organization to a new level. The new organization is expected to create a more cohesive, exclusive and homogenous competitive group bonded by a common identity geared toward achieving better public recognition and a market dominance. Dean Wallace, Chairman of NACC stated, "The hard laborious work done by the numerous committees and members has paid off. We have a strong group of successful, dedicated partners that have the ability to take this company to a level of excellence beyond our predictions."

The mission of NACC is twofold: As a for-profit entity, the purpose is to promote and enhance the success and profitability of partner clubs. Secondly, NACC is dedicated to club excellence in

service and facilities and to ensuring that the staff has the qualifications and expertise necessary to ensure the safety and education of those they serve.

Upon the inception of NACC, numerous committees were formed to complete the tasks and to accomplish the set goals. The objectives of NACC include: 1) give NACC the market presence and name recognition needed to compete with major chain clubs and franchises; 2) develop new markets through corporate memberships and healthcare alliances; 3) develop cost-savings to each club and establish a rebate program to NACC through associate members and vendors; 4) develop a brand name and a plan to integrate it within each club; 5) market the brand name regionally; 6) develop a set of standards that will set NACC clubs apart from other chain operators and clubs in the region; 7) expand the health and fitness markets; and 8) bring more value added services to each club. Many of these objectives have either been met or are on the verge of completion.

At the NACC Fall Partner Retreat, held November 9-10, 1997 in Portland, the partners worked on various tasks and voted on many important issues. The Standards Committee presented the partners with the proposed standards and guidelines for NACC and a vote to adopt these policies will be held at the Winter Retreat in February. The Marketing/Branding committee submitted their five name finalists that will be adopted by NACC and used as a subscript and possibly a main name for all NACC partner clubs. The partners reduced the list down to two names and a final vote will be taken at the Winter Retreat. Both names are currently in the process of being Federally registered to insure availability once the final vote has been cast.

Cost-saving contracts with associates will allow clubs to see a savings on supplies, equipment and insurance that they normally would not experience based on the size of the facilities. These programs will also bolster NACC's income, via rebates, thus assuring that clubs will not be assessed fees to offset NACC's budget. Contracts in place to date include: Fitness Pak Insurance, Office Depot, A-1 Textiles and Ft. James. Negotiations are underway to set up contracts to further cut costs for partner clubs. Chuck

Richards, NACC Vice-Chairman and Associate Committee liaison stated, "One of the benefits of NACC and definitely one of the main purposes for forming the LLC, was to create an organization that both saved the clubs money and created an income for the NACC office. The contracts that we have created thus far have met both of these requirements and I believe the impact will be even greater in the future. NACC is planning on extending its area of operation. In the meantime, in states where NACC does not have securities registration and there are clubs interested in joining the LLC, an affiliate program is being implemented. This program provides numerous benefits to non-partner clubs and allows NACC to form a relationship with the club as well as an initial presence in the state. Benefits to Affiliate clubs will include: reciprocity with NACC partner clubs, all cost-savings programs, corporate and HMO alliances, correspondence on a web page and educational seminars including the well-known 3 day Summer Conference and Trade Show.

The NACC office is administered by Karen Gerhart, General Manager and an 11-member elected Board of Directors. The Board members are: Dean Wallace, Courthouse Athletic Clubs, Chairman; Chuck Richards, Sunset Athletic Club, Vice-Chairman; Jennifer Harding, East Side Athletic Clubs, Secretary/Treasurer; Mark Eisenzimmer, Cascade Athletic Clubs; Randy Huber, Timberhill Athletic Club; Janelle Klashke, Tri-City Court Club; Jim Kusnerik, Superior Athletic Club; Dale Pullin, Thorbecke's Fitness Centers; Steve Shapiro, Island Athletic Club; Jack Tawney, Harbor Square Athletic Club; and Wayne Westwood, Griffith Park Athletic Club.

"The opportunities available to NACC are endless and I am looking forward to a very exciting future," said Karen Gerhart, NACC General Manager. For additional information, please contact the NACC office: 4840 SW Western Avenue, Suite 1000, Beaverton, Oregon, 97005. Phone: (503) 644-0224.

NEW ENGLAND HEALTH, RACQUET AND SPORTSCLUB ASSOCIATION (NEHRSA)

NEHRSA has approximately (See Regional Associations page 8)

PROFESSIONAL CLUB MANAGEMENT

presents

The Sales Effectiveness Quiz

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

Scoring: 1 Point for each "Yes" answer

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

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Examining The Mandated Costs - Part II

By Rick Caro

In the article published in the November edition, it was pointed out that the ideal place to save on club expenses are those categories where all of the benefits flow to the bottom line and where the member never sees any change in the club's operation or level of service. Part I dealt with the state-mandated Workers' Compensation issues and with Unemployment Insurance.

This section will highlight a variety of other items which together could create a much more significant bottom line than the club had achieved previously.

CREDIT CARD FEES

As clubs continue to offer club memberships processed through Electronic Funds Transfer (EFT) technology, each membership dollar paid to the club is discounted. Therefore, a club may only receive 96-98% of each dollar paid to the club by the member.

Private credit cards (e.g. American Express, Discover, Diner's Club) are all realizing the pressure of competition and the ultimate threat of clubs' refusing to honor their cards. These fees depend on how the cards are processed (data capture terminal, modem, mail) and timing for "good funds."

Bank credit cards (Master Card, VISA) are generally thought to be about the same by club owners. In fact, the rates vary widely among local banks in your area. When questioned as to why owners did not shop around for the best rate, many did not want to hurt their current relationship with their local bank. In fact, no harm is necessary. A club can shop around for lower EFT rates for their bank credit cards and then once a month wire transfer the total dollars received from this other bank to the club's regular checking account bank.

The savings for some clubs after negotiating lower rates has amounted to over \$10,000 from the previous year.

BANK CHARGES

Most clubs do not negotiate their various bank charges for servicing their account. In fact, most owners do not realize that there is even a negotiation available. Banks keep a computerized analysis of the club's average balance in each of its accounts. Often, a club

will have a regular checking account, a separate payroll checking account and even a money market account to put excess cash in whenever dollars are available for as few as 3-4 days at a time. The bank has the technology to sweep these accounts and determine the collective balance.

Clubs can use this balance as a negotiating stance to lower fees, negotiate lower interest rates on mortgages and working capital line of credit loans and to eliminate certain charges (letter of credit fees, members' returned check fees, etc.).

A club's banking position is further enhanced if the owner has his own personal checking account or has other investments with the same bank. Some clubs have saved between \$5,000-20,000, especially on issues relating to financings (e.g. points, interest rates, etc.) as well as the standard bank charges.

POSTAGE

Most clubs accentuate their use of first-class postage whether it is for monthly bills to members, club newsletters, mailings promoting member referral campaigns or special events. The savings for varying types of postage are enormous, as shown below:

TYPE	COST	% SAVINGS
Regular 1st Class	32.0 ¢	—
Pre-Sorted 1st Class	27.4 ¢	14.4%
Zip Code +4 (1st Class)	30.5 ¢	4.7%
Bar-Coded 1st Class	29.5 ¢	7.8%
Regular 3rd Class	22.6 ¢	29.4%
Zip Code +4 (3rd Class)	21.6 ¢	32.5%

Some post offices will even assist a club in its attempt to convert to "Zip Code +4." If time is adequate, the use of Third Class is still viable. In a large mailing, the pre-sorted savings are certainly significant. Some clubs have recently saved \$5,000-\$6,000 per year by taking advantage of these different categories.

COST OF CLUB INVENTORY

There are a number of clubs which operate their own pro shops and restaurants/snack bars. Rarely does anyone stop and analyze the "real" costs of operations. Often, the use of club staff who have other functions but assist in the pro shop is seldom studied. Staff may be used in the buying of merchandise, checking it in,

sending it back, marking it up, displaying it, etc. None of this time is truly allocated if their primary function is a front desk/receptionist or some level of management.

More importantly, the club fails to calculate the real cost of carrying the merchandise. If the inventory level is \$30,000 and the cost of interest if the club were to borrow is 9%, the "real" cost of the inventory is the out-of-pocket cost plus this carrying cost. In this case, it might be \$3,000.

However, there are other costs which prevent the club from achieving a planned return on inventory. There is the theft factor, which applies to both club pro shops and restaurants. There is the spoilage and waste element—mainly applicable to the restaurant. Finally, there is the loss of value due to the clearance factor and the need to rid the club of less popular items. Often, the greatest failure clubs experience is their delay in not having that sale early enough.

EMPLOYEE ABUSE/THEFT

No one ever likes to admit that certain employees take for granted that club-owned items are available for the taking. One club years ago administered lie detector tests to the entire staff (15

full-time and 60 part-time employees). All but four admitted some guilt, even if it were for a few sodas.

Obviously, clubs have encountered outright theft from members' lockers. In addition, the less obvious areas of theft relate to the food and drink items not paid for or actually taken after hours. Similarly, the pro shop is rife with opportunities for misappropriation. Generally, this either occurs when the building is completely empty or minimally staffed. However, the club is prone to theft in some areas, such as photocopying for personal use, removal of office supplies for home use and personal telephone calls—especially to long distance numbers. Estimates of \$5,000 - \$10,000 are reasonable until sufficient controls are established.

UTILITY AUDIT

As clubs saw spiraling utility costs during the early 1980s when the oil crisis was at its height, owners started to invest in ways to control electricity, gas and oil charges. Many utility companies have offered free programs to review the club's physical plant and provide specific recommendations. Some now do the same but for a nominal charge. Almost all utility companies have created rebate programs for club investments in various cost saving mea-



Rick Caro

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...Regionals Association

continued from page 6

mately 300 member clubs in New England and 93 Associate Members. Continuing education and networking continues to be very valuable benefits of NEHRSA membership.

Each year NEHRSA offers two, two-day Conferences and Trade Shows where more than 300 health club owners and managers participate. The Trade Shows vary in size from 50-75 booths.

NEHRSA also offers approximately seven full or half-day educational workshops throughout the year on various topics of interest. Several recent workshops were: "Pump Up The Volume," a personal training workshop; "Put Your Ser-

vice To The Test," a workshop for front desk staff; and "Corporate Sales & Worksite Health Promotion." The next NEHRSA workshop is scheduled for January 22, 1998 and is entitled: "Managing For Increased Productivity," and offers concurrent morning sessions for beginner and advanced management levels and then a combined session in the afternoon. Leadership skills, motivating staff, time management, effective meetings and problem solving are some of the topics that will be discussed.

Unfair Competition is a big issue in New England. Several club owners have been instrumental in the fight — Tim Richards, Orchard Hills Athletic Club; Bob Schwartz, Fitcorp; Lloyd Gainsboro, Dedham Health & Athletic Complex; and Steve Capezzone, Healthtrax have worked very hard the last few years

on this project. NEHRSA has hired Regan Communications, a local public relations firm to take the lead in dealing with unfair competition by State colleges and universities, JCC's, YMCA's, etc. In the last few months we have been successful in obtaining a letter from the chairman of the Massachusetts Board of Higher Education in which he states, "let me make it clear that I support your position that the Commonwealth should encourage private sector initiatives and not engage in unfair competition with private enterprise. It is also my opinion that it serves no useful purpose to spend taxpayers' dollars to compete directly with tax-paying, job-creating private businesses in the commercial marketplace."

community centers, is staggering. Currently, the YMCA is planning to build a facility that would be in direct competition with several of its clubs. The GLCMA Board of Directors has persisted in showing the community, and local and state government, why a "level playing field" is best for everyone.

Two consumer protection bills have been introduced (in Michigan) in the past year that would have been unreasonable and made unfair demands on clubs. GLCMA played major role in getting these bills thrown out. One, however, has been reintroduced. They are working diligently to see that this bill is not passed.

It is proud to have the new IHRSA President, Ben Emdin, as a GLCMA member. Ben is the owner of East Hills Athletic Club in Grand Rapids, Michigan and he is doing a fantastic job!

The GLCMA Board of Directors are: President-Jocil Rogus, Rochester Hills Tennis & Swim Club, Treasurer-Terry Marchand, Franklin Fitness & Racquet Club, Delegate-Mike Combes, Michigan Athletic Club. The Executive Director of GLCMA is Shellie Sanders. For more information about the Great Lakes Club Management Association, contact Shellie Sanders at (248) 625-2447.

The Great Lakes Club Management Association (GLCMA)

The Great Lakes Club Management Association (GLCMA) is a regional affiliate of IHRSA. It has 40-member clubs in Michigan and Ohio. Formed in 1988 as the Commercial Recreation Association, with only seven clubs. GLCMA has grown slowly, but steadily over the past 10 years. The name change occurred in the early 90's to better define its membership.

Meetings and workshops are held monthly, October through April, with our annual summer conference and trade show in July. Its upcoming January workshop, "Legal Issues Facing the Club Industry," features area-attorney, Dallas Moon addressing compensation, guest and non-member waivers, and electronic billing problems with debit cards.

In addition to workshops, it offers several opportunities for its members to save money on lighting, telephone rates and travel. It also has a group-purchasing program through Penn Racquet Sports. Most GLCMA members participate in one or more of these money saving programs.

Like other regional associations, it is very concerned with unfair competition and legislation. The growth of non-profits: university recreation centers, hospitals, church-run

SOUTHEAST HEALTH AND RACQUET SPORTS ASSOCIATION (SEHRSA)

SEHRSA is composed of Florida club owners. It is a not-for-profit corporation formed in 1995 by Robert Karshner of Shapes Total Fitness, Tampa, FL., Geoff Dyer of Lifestyles Fitness, Tampa, FL. and Joe Cirulli of Gainesville, FL.

The mission of the organization is to eliminate unfair taxes as they pertain to the health club industry at the state level.

At present there are eighty-three clubs in the Association counting the newest member, Bally Total Fitness with twenty-three clubs in Florida.

It plans on having a bill introduced in the State legislature in the spring of 1998 that would exempt health clubs from the State sales tax based on the fact that it is a health based industry.

All Florida club owners that are not members are encouraged to call Bob Karshner, (813) 264-17112, Geoff Dyer (813) 622-8755 or Joe Cirulli at (352) 377-4955.

TEXAS HEALTH, RACQUET & SPORTS CLUB ASSOCIATION (THRSA)

THRSA was founded in 1996 with a tri-fold mission: to provide affordable customer service training for front-line staff, to provide opportunities for club owners, managers and industry suppliers to share ideas, and carry on the business of running successful, profitable clubs, to represent the legislative interests of the Health and Fitness Industry to Texas lawmakers.

The Board of Directors, comprised of F. John Barzizza, The Hills Fitness Center, Austin, Fred O. Brownson, Family Sports Center, Kerrville, David J. Cardone, Memorial Athletic Club, Houston, Brent Darden, Cooper Fitness Center, Dallas, Ramiro A. Galindo, Aerofit Health & Fitness Centers, Bryan, Bruce Hendin, Racquetball & Fitness Clubs, San Antonio; Joe Holt, Corpus Christi Athletic Club, Corpus Christi; Herb Lipsman, The Houstonian Club, Houston and Dan Allen, Fitpak Insurance, San Antonio, have provided leadership and direction. A number of the Board members began meeting several years ago and formally established THRSA in June, 1996.

Achievements have included the first annual conference in July, 1996 in Austin, Texas. At that first conference, Dr. Kenneth Cooper was recognized as an individual who has made outstanding contributions to the Texas Health & Fitness Industry. The recipient serves as an example to others through leadership, innovation and outstanding service. John McCarthy, Executive Director of IHRSA was the keynote speaker at this first ever Texas conference.

Fair competition and tort reform are major concerns for many health and fitness club owners across the country and in Texas. THRSA members have been encouraged to invite local, state and national political leaders to their facilities for tours and brief presentations of their concerns about un-

(See Regional Associations page 25)

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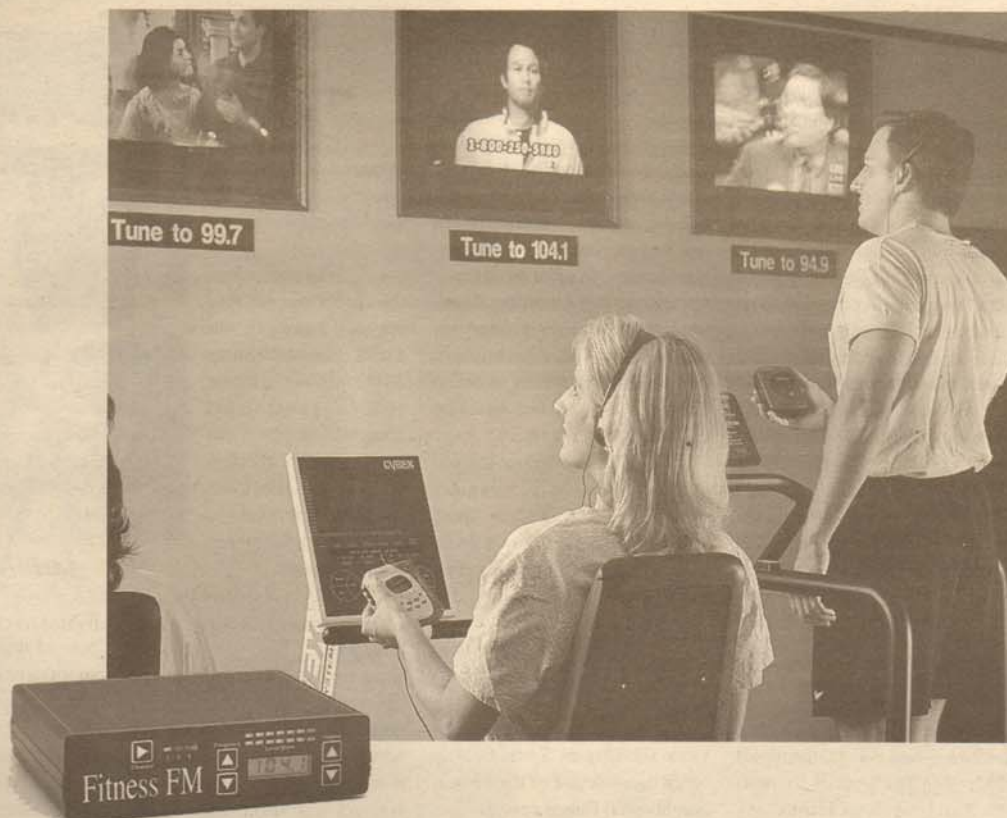
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MOORE'S FITNESS BEATS CITY HALL

By Joe Moore

I started Moore's Fitness in 1970 because I wanted a great place to work out and didn't find what I wanted at the spas which were operating at that time. In fact, they offered few pieces of equipment in addition to the vibrators and belt machines of the era. I never thought Moore's Fitness would become a multi-million dollar enterprise, nor did I realize that one day we would help run those same health spas out of business.

But, those battles were fought years ago. Today there is competition that is far more sinister than the old spas with their lifetime memberships and worthless programs. Today the worst type of competition comes from the government, either by granting tax exempt status or by direct entry into the fitness business.

In 1993 I formed the Ohio Fitness Association to repeal the

"Sin Tax" which had been levied on cigarettes, alcohol, soda pop and (of all things) health club memberships. We had been pulled into the "Sin Tax" because we did not have a lobbyist in Columbus to fight for the fitness industry. So, at the last minute, health club memberships were added to the "Sin Tax" bill. Three days later, the bill passed with no input from the fitness industry.

For the last five years I have worked for repeal of the tax to level the playing field with the government owned recreation centers that don't have to pay the tax, and that are actually allowed to use our tax money to build socialized health clubs to compete against us. In Ohio, we don't have the intense non-profit competition I see elsewhere, and I don't want to give them a chance to get any stronger than they are.

In late September of this year we were working very hard to move House Bill 42, the repeal of the "Sin Tax", out of committee. That is when we learned of a

second threat. This one was a \$9 million hospital fitness center to be built across the street from our Springfield club. Community Hospital had been secretly planning the facility for over two years, and we had one week's notice before the Planning Board met to vote on the hospital zoning change. In spite of our protestations, the Planning Board unanimously recommended approval to the City Commission, leaving us three weeks to defeat the project at the October 21st Commission meeting.

This is when we learned of a third threat. Fifty miles away from Springfield, in Clear Creek Township, the YMCA was going to build a \$7.4 million rec center only two miles from our Centerville club.

So, we had a three-front war against three different levels of government:

1. We needed to convince the City of Springfield to block construction of the \$9 million hospital fitness center.

2. We needed to convince the voters of Clear Creek Township to oppose the YMCA.

3. We needed to convince the State of Ohio to repeal the "Sin Tax" on memberships.

To compound the problem, I was scheduled to open our 11th location November 24th; so my efforts against government competition could not be allowed to interfere with construction I was supervising or with the operation of our ten other locations.

By all standards, we were looking at several busy weeks. But, that should be expected by anyone who wants to succeed in this business. Which brings me to a very sad observation: most health club operators that I've had contact with are whiners, who are afraid of a good



Joe Moore

fight. Over the last 5 years, as President of the Ohio Fitness Association, I have spent hundreds of hours and at least \$50,000 of my own money to repeal the "Sin Tax". When I succeed it will save the Ohio health clubs \$5 million annually. (See Moore's Fitness page 11)

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...Moore's Fitness

continued from page 10

During this time I have talked to at least one hundred owners and managers, most of whom have reneged on pledges to send contributions or to contact law makers or to attend meetings. And this is to repeal an egregious tax that adds 6 1/2% to 7% to their expenses. We also now have IHRSA's FUND matching the monetary contributions to this fight dollar for dollar. So they whine about the "Sin Tax"; they whine about the YMCA; they whine about the hospital rec centers; and they DO absolutely nothing!

Anyway, when the smoke cleared, we had blocked construction of the hospital fitness center in Springfield, we won the YMCA bond issue and the "Sin Tax" is on track for repeal. This was all accomplished as same club revenues at Moore's Fitness increased over last year, and while we had the most successful club opening in 27 years of business!

The truth of the matter is: It wasn't that difficult! But, you can't win if you don't fight!

IHRSA'S FAIR GAME COMMENTS:

"In late September, IHRSA member Joe Moore learned that the Springfield, Ohio Planning Board had approved Community Hospital's proposal to build a \$9 million state-of-the-art fitness center directly across the street from his club, Moore's Fitness. Because he has witnessed what unfair competition can do to a club, he did not take this news lightly. With less than a month until the nonprofit hospital's proposal came before the county commissioners for final approval, Moore knew he had to act quickly.

Using IHRSA's publication "Preserve the Mission, Hospital Wellness Centers: The Case for Going For Profit," Moore was able to educate enough community members to make an impression on the commissioners. The commissioner's meeting was filled with concerned residents, some quoting directly from the IHRSA publication. 'The vast

majority of people at the hearing opposed the facility, but weren't sure what to say,' said Moore. 'The IHRSA material provided them with an articulate way to express their opposition. It really helped.'

Moore also contacted IHRSA to refute hospital officials' claim that the proposed center would not create a traffic problem because facility usage would be consistent throughout the day. IHRSA provided Moore with statistics showing that usage would peak before and after work and during lunchtime. Traffic was also on the minds of local residents and politicians. 'One to two hundred cars a day is a huge impact on a thoroughfare,' said Mike Turner, Dayton Mayor and an attorney representing several property owners. Turner said that nearly 30% of those cars are likely to be on the way to the facility early in the day while children are walking to nearby schools.

Ron Byrd, vice president of Moore's Fitness, told commissioners that traffic isn't the only problem with the hospital center. 'The hospital has advantages as a nonprofit facility that allow them to operate with a lower overhead

than our club. That makes it difficult for private industry to compete. Despite what the hospital says, it's a health club.'

By providing the right information to county commissioners and vocal residents, Moore and Byrd set the stage for what proved to be a lively public hearing. The result: The county voted unanimously to reject the proposal. The hospital never saw it coming.

The hospital attorneys expected a rubber-stamped approval, but received a brutal defeat. With the hospital rezoning rejected on October 21st we had little time left to stop the construction of the Clear Creek YMCA. The election was to be held on November 4th, only fourteen days away. YMCA supporters had \$55,000 to campaign for votes, two hundred people were canvassing the neighborhoods and hundreds of signs were already posted all over town. The politicians had a study showing overwhelming support for the Y, and my friends were telling me, "Don't waste your time. You can't beat City Hall!"

TO BE CONTINUED
 - THE YMCA BATTLE.....
 STAY TUNED!

HOSPITAL FITNESS CENTERS:

The Facts

- There are 375 hospital fitness centers in the United States.

- In 1989, there were only 133 hospital centers serving 150,000 members.

- A survey recent survey showed that there are now 345 hospital fitness centers, totalling 8.9 million square feet and investments of \$800 million.

- There are now approximately 582,000 hospital fitness center members paying \$290 million in dues.

- 72% of hospital fitness centers are tax-exempt.

- 50% of hospital fitness centers with more than 70,000 square feet are for-profit.

Source: The Association of Hospital Health & Fitness Centers.



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POSITIONING YOUR CLUB FOR SUCCESS

By Richard Gerson, Ph.D.,
 CMC, CPC

Think back to the time when the preferred method of cross-country transportation was the railroads. They had a monopoly on their service. That is, of course, until trucks began hauling products across the country. And, then airplanes got you and your goods there faster and safer. Almost overnight, many of the railroads went out of business and the survivors became a secondary mode of transportation for goods and passengers.

What they neglected to do was identify how they should position themselves for their ongoing success. You see, the railroads thought they were in the railroad

business, hauling people and freight. What they needed to realize is that they were in the transportation business. Then, so many of them wouldn't have lost their shipping and travel customers and gone out of business.

When someone asks you what business you are in, do you tell them the health club business? Do you tell them the fitness business? While both of these answers are accurate, they are wrong from a positioning perspective. Neither one of these answers gives the person asking you the question a reason to differentiate your club in their minds and therefore do business with you.

The key to success in the club business is proper positioning. How well are you posi-

tioned to achieve both your corporate and personal/professional goals? How well have you defined what you do so you can tell somebody and it makes an impression in their minds?

Here is a true story that is very close to home regarding positioning a person and a business for success.

A True Fitness Story

Several years ago, a gentleman came to me to help him start a fitness consulting business, with an emphasis in personal training and corporate programs. Since my consulting company does help others break into the field, I met with the enthusiastic entrepreneur. He had several fitness association certifications as well as a Master's degree. In his mind, these credentials positioned him as an expert in his field (which is a good start), although no one else knew about him (which is not a good start).

After he laid out his business plan, and told me his goals, I strongly urged him to reconsider. You see, even though he was a self-proclaimed "expert", he was positioning himself to provide a service that the marketplace could already buy from a number of providers.

We went around and around debating his potential for success. He insisted he was right, that there was room for one more, and I suggested that my experience told me he'd fail. He didn't listen and went ahead "doing it his way". He failed. When he realized that his way was not the right way, we spent a great deal of time developing his positioning in the fitness industry.

We arrived at a mutual agreement to focus his efforts on one aspect of fitness consulting, namely exercise and weight loss. While most personal trainers and aerobics instructors talk about weight loss and how exercise helps you take it off and keep it off, we positioned this consultant as the expert in this area. He focused on exercise and weight loss only, and built a thriving personal training/fitness consulting practice. Today, he is a very successful consultant with

clients all over the country.

What made him successful was that we repositioned both his business and his mindset about himself. And that's exactly how you make your club successful. You position it properly for success.

Positioning Defined

While there may appear to be many definitions of the term, positioning, the best one is simply the place (perception) you hold in a customer's mind. In the club business, it's your customers' (and members') perceptions of your business. Are you a program innovator or a follower? Do you have the best service, adequate service, or poor service? Do you charge the highest prices for memberships, competitive prices or are you the low price leader? Do you have unique specialty classes or do you provide the same old, same old?

When a prospect or customer thinks of your club, what do they think of? How would they describe your club to their best friend? And, would they recommend your club to their best friend? And, here's something else to think about. When they talk about health clubs and fitness centers in your area, does your club come to mind first?

What they say about you, and what they think about you, will determine your success. Where you are located in their minds, that's your positioning.

Positioning your club for success depends on your mindset, the offerings you provide to your members, the time period in your life and the life cycle of your business, and the audience you're working with or promoting yourself to.

What this means is that your positioning can and probably will change over time. You will be different things to different people at different times. You've got to be prepared for multiple changes that will occur so that you can manage these changes and modify your positioning.

I've interviewed many club owners and operators. Some were and are successful, and some are and were not. Those



Richard Gerson, Ph. D.

who succeeded did so because they prepared and positioned themselves to succeed in their competitive environment.

They were positioned well. Here's some of the things they did.

How to Position Your Club Well

Whether I'm consulting with club owners or just coaching individuals to be more successful, I'm always asked the same question. How do I position myself so that my business can become more successful?

The first thing you must do is take stock of your club. Focus on your personal and professional values, beliefs and goals. Write out your core values and your goals so you begin to see what's important to you as a club owner. When you know what is the most important thing or things in your personal and professional life, you can start to position yourself and your business to align those things.

For example, you can position your club as the low cost service provider. There is no shame in this as someone must hold that leadership position in the marketplace. Or, you can position your club as the high cost, value added service provider. Someone must take this spot also. And, you can open 24 hours every day as some clubs and chains are. Each one of these concepts reveals a positioning that the club owner values.

The next thing you must do is ask your members how they perceive you. Many times, you will find your most accurate positioning as a result of these member interviews. Also, ask the people who don't join your club why they did not join. You

(See Richard Gerson page 24)



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A Newer Look At Member Retention

An Interview with Michael Scott Scudder, President, FITNESS FOCUS

(Editor's Note: The CLUB INSIDER News recently caught up with much-traveled industry consultant Michael Scott Scudder for a face-to-face conversation about member retention: past, present and future. Scudder, in addition to being the top-rated speaker at both IHRSA Orlando, 1996 and Club Industry East, 1997, is highly regarded as a club software expert and innovative thinker. Following are excerpts from that conversation.)

CLUB INSIDER (CI): "Michael, you've logged a few

miles in recent years. Where do your travels take you?"

Michael Scott Scudder (MSS): "You're right about that, Norm. I put on about 100,000 airplane miles so far this year—so much so that when people ask me where I live I say: 'American Airlines, seat 20A.' Since 1992, I've consulted in over 40 states, plus the United Kingdom, Scandinavia, Jamaica and Mexico.

CI: "What do you see out there regarding member retention?"

MSS: "I still see member retention and [lack of] staff training as the two biggest challenges facing clubs. While industry surveys show retention at around 60%, I must tell you that my experience is that clubs are having a hard time

retaining 50% or less of their members on a year-to-year basis.

CI: "Where is the problem?"

MSS: "I think it's multi-faceted. First, we have to look at it historically. Ten (10) years ago, when I offered my first 'member retention' seminar, seven (7) people showed up! In those days—the late 1980's, club owners thought there would always be a never-ending supply of new members to take care of income needs. Then, around 1992, we got hip to the idea that maybe we should try to retain existing members AND keep trying to get new members. So, some in the industry tried various retention methods, including assigning sales personnel to the member retention process, and even creating jobs for 'retention directors.' On top of that, software companies got more sophisticated with retention reports, use and non-use statistics, etc.

CI: "Did that work?"

MSS: "Not to a significant extent. I still don't see much difference in retention statistics in most clubs, comparing 1990 with today. By the way, most of the 'retention directors' have been assigned additional tasks in clubs, to justify their wages. The problem is that all of our actions don't have much effect on root cause—they just address symptoms.

CI: "What do you mean? And, what's the solution?"

MSS: "Well, to quote the old phrase, 'The horse is out of the barn,' when we're calling people who haven't been to the club in over 30 days (or whatever), we're attempting to contact someone who's already made some kind of decision NOT to participate, and the job is much harder than if we could do something pro-actively. And, to refer to Dr. Jim Annessi's work, retention is a function of 'exercise adherence.' The member who creates the habit of exercise stands a much better chance of sticking with it (and with a health club), than the member who attends sporadically. The latter always has one foot out the door."

CI: "Strong claim. Does it stand up to fact?"

MSS: "I think it does. Consider that one of the recent surveys said that over 72 million people had tried exercise in a health club during this decade. But that only 21 million are members of commercial, for-profit clubs. I think that's testimony to something being amiss in the mix, when only 2 out of every 7 people decide to stick it out in a club. Add to that the recent IHRSA 1997 Profiles of Success that says there are a little over 7 million 'core-members,' and you recognize that only 1 out

of every 3 members is a solid member. We have an industry still struggling to establish a positive identity, fulfill its goals and attract people on a long-term basis."

CI: "Don't you think that some other data - increase in female members, dramatic shift to Boomers and older populations, entry of health care providers - are positive signs?"

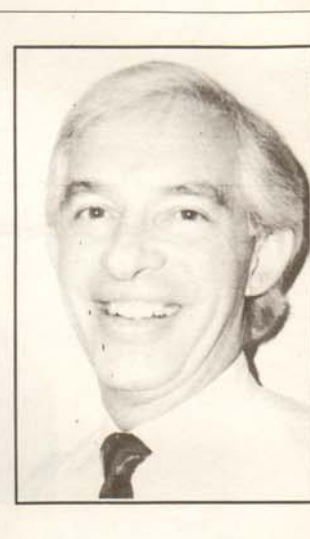
MSS: "Yes, I do. I'm encouraged by it and it could bode well for the future if we learn what to do. But, I'm not encouraged by annual attrition statistics that still remain at 40% and higher. Nobody's going to make any profits that way!"

CI: "So, what in your opinion, will make the difference?"

MSS: "I think we have to recognize that retention emanates from frequent usage, and that we must, as an industry, address the issues of hospitality, training, personnel and programming. I propose a basic 3-step approach:

1) Upgrade our reception personnel. Start by eliminating the term 'Front Desk' and pay them decent wages, perhaps with incentives for increases in member usage. Teach them hospitality. Overall, give them some people-skills and training. We've got to get some quality, well-trained people at reception areas and stop just filling shifts.

2) Get our fitness training staff to respond to groups as well as to individuals. We've done a wonderful job of certifying trainers in exercise protocols, but we've slipped badly on getting trainers to



Michael S. Scudder

run fitness floors, and to recognize the members who need help. Mostly, trainers do initial evaluations and trainings and then roam the fitness floors, either cleaning equipment or talking with their favorite people. We need to get trainers out of their comfort zones.

3) Start programming our fitness areas for retention. Change the linear look of equipment (I'm sick of rows on rows that no one except a gym rat understands) and address the needs of specific populations that we have in our clubs on a day-to-day basis. Create 'step' (not aerobics bench, but Al-Anon-type graduated) programs that people can participate in and recognize small, consistent gains and short term goals. That's the way to address exercise adherence."

CI: "Well Michael, you have some definite opinions and recommendations. Any final thoughts?"

MSS: "Yes. First of all, thanks for the opportunity to talk about this - it's been sticking in my craw for quite awhile. And, finally, we have, as an industry, a significant opportunity to affect the lives of millions of people over the next few years - either positively or negatively. I hope it will be positively."

(Michael Scott Scudder is President of FITNESS FOCUS, a club consulting and training company in Woodstock, New York. He can be contacted by phone at: (914) 679-5627, by fax at (914) 679-9917, and by email at fitfocus@aol.com.)

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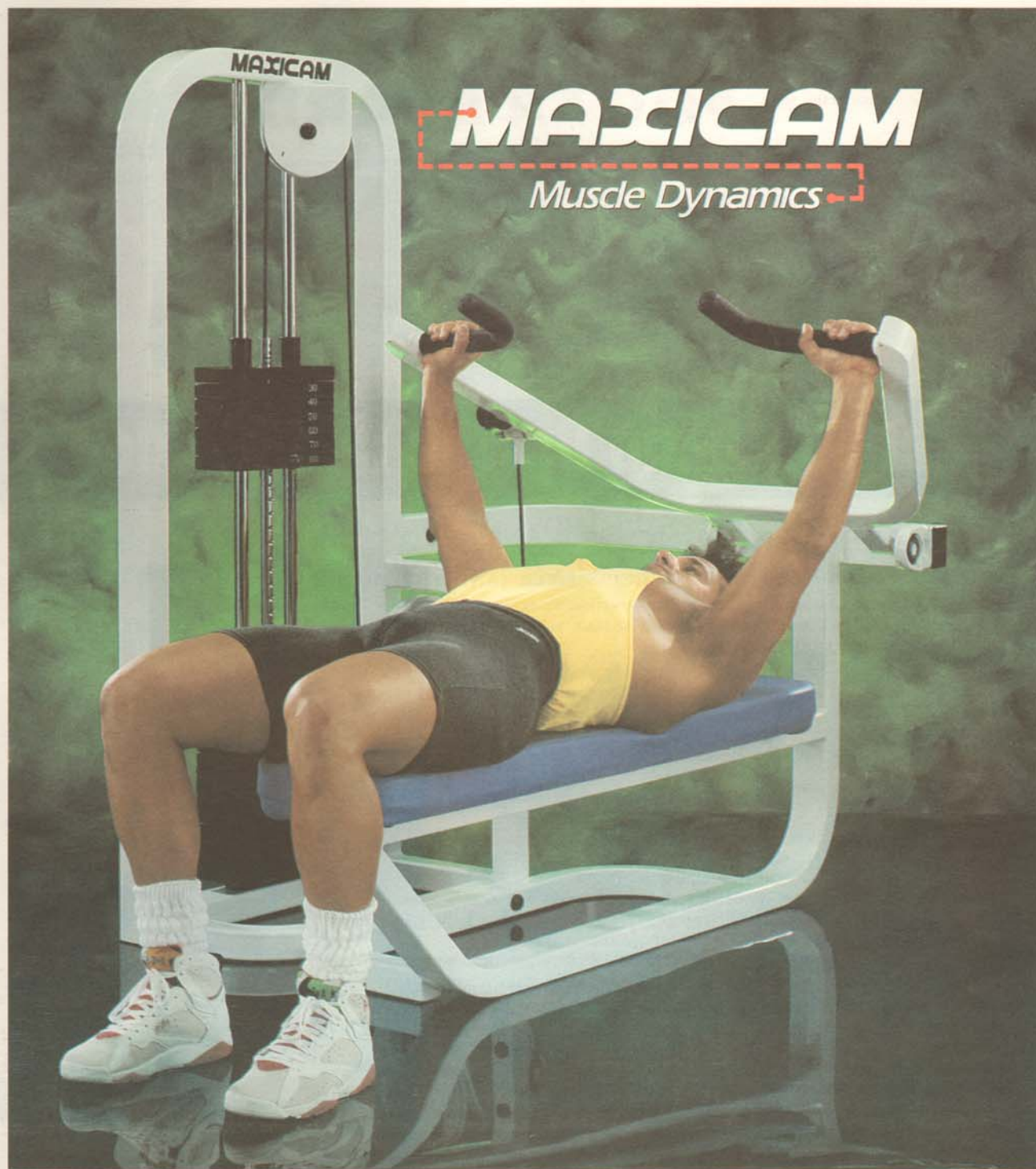
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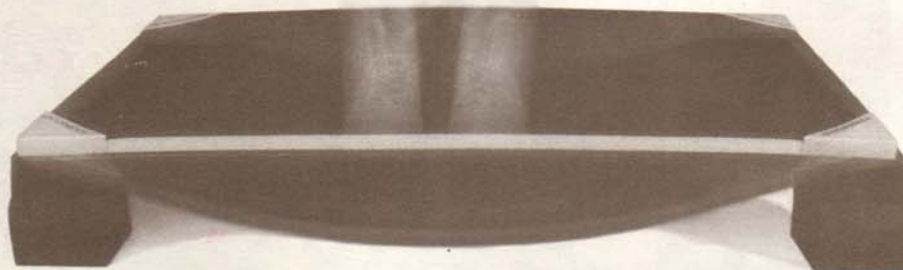
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Are We Effectively Growing The Game Of Tennis?

By Spike Gonzales

I'm tired of success stories! State lotteries are always expounding success stories of the lucky winners of millions of dollars. It seems the rest of us are gullible enough to have these sway us to buy lottery tickets.

Sure, Emilio Suarez won \$10,000,000 in the last lottery. He was the one principal winner in an event that had thousands and thousands of losers. He now has income for life, while thousands of others

will continue to spend their kids' milk money and potential savings on weekly investments in a system which in effect taxes the poor. Is society naive enough to think these lotteries do more good than harm!

It's not so dramatic or tragic with the results of our efforts to grow the game of tennis with our new player initiatives; but let's face some realities! We read in tennis publication after publication of the success stories of the USTA's Play Tennis America and the Tennis Industry Association's free lesson blitzes. Yes, we're getting new

people into the game, bringing back some players, and perhaps increasing our number of players. Unfortunately, however, often the organization and presentation of our free lessons or Play Tennis America shows mediocrity at best. When our administrators are not trained in organizational and hospitality skills, or our pros are not trained in doing effective group lessons or in teaching beginners, we create legions of people who have a neutral or negative experience with tennis, and decide not to play!

Let's look at some representative non-success stories.

Betty's a 60-year old widow. She has never done anything athletic but would like to get into something to renew some zest in her life. For many years she thought it would be nice to play tennis, but she knows as an inexperienced and unconfident beginner she wouldn't fit into the tennis club environment. Then she sees an ad for free professional lessons at a number of facilities in her town, and is delighted that someone is finally asking her to come out and try the game. She imagines she'll be with a number of other beginners, with some of them surely sharing her trepidations.

Betty calls a nearby club to sign up. The receptionist doesn't seem to know anything about the program and says a pro will call her back. Two days later, after Betty had virtually given up on the idea, a pro from the club calls her and convinces Betty to "come out and give it a try." They'll even have some racquets for her, and she'll fit in fine. "Well, I'm committed," thinks Betty, and nervously she waits for the free lesson day to arrive.

Betty arrives 15 minutes early for the lesson, being quite anxious about it. Again, the desk person doesn't seem to know anything about the lesson, but after waiting in the lounge a couple of minutes a busy-looking tennis pro shows up to inform the desk person what's going to happen. Others start arriving,

and are greeted a little more readily by the pro and another person. They are all given racquets and asked to wait "for everyone to show up." Ten minutes after 11:00 am, the pro finally asks the two dozen people to come out to the courts.

The pro then introduces himself and two other instructors and spends about ten minutes describing the tennis strokes of forehand, serve and volley. "Everything you need to know about these shots," he says, and now "let's go out and try them." He spends another several minutes dividing the group into thirds and sending them to each of three courts. "You, you, you and you" and so on, Betty hears so many times she wonders if anyone has a name.

Her group is fairly quickly put into a line at the end of a court, and before she knows it she's advancing to the front to go out and hit a "forehand". In a panic she watches several hitters before her try to figure out what to do, and then it's her turn! In front of all of these other people she's supposed to perform! She tries to have the strings on her racquet touch the tennis ball gently hit to her, but it's all too fast. She completely misses the ball, and is asked to try again. The second one is no better. On a third try she dribbles a ball off of the racquet frame, and the pro says, "that's better!" Feeling humiliated and defeated, Betty goes to the back of the line.

She can't leave in front of all these people! And she can't prevent the line from receding in front of her. Inexorably she has to go through the experience again and again. She feels the frustration of the pro, and the impatience of the others in the line. Some of them seem to really know what they're doing, as if they've played for years. In fact, they seem just as impatient with the procedure as she is intimidated by it. The pro is trying to be cheerful, but it seems like he is just going through some motions to get this over with.

After 20 of the longest minutes of her life, her group is herded to the next court to do serves. The



Spike Gonzales

new pro again demonstrates, and then sets everyone on the line at the end of the court for everyone to "try it." "At least," Betty feels, "I'm not in front of everyone else and slowing things down," but soon she's as frustrated as she felt humiliated before. The motion is far too intricate and complicated, and she rarely gets the ball to hit the strings. When she does, it doesn't go anywhere near the little box on the other side of the net. The pro tries to encourage her once in a while, but he seems to be happier talking with Bob, a guy who's thoroughly thumping the ball consistently, telling him he could be real good if he got into lessons.

Then the group is put on the third court, and again Betty is put into a line and induced to go up to the net to hit what they call "volleys". It's easier, and Betty makes a couple of contacts of the ball with the strings; but it's still frightening to do it in front of all of these others.

All three courts are then brought together for the pros to collect the racquets. The person in charge mentions that those interested in continuing lessons should go up to the desk to sign up "and pay." "They couldn't pay me," thinks Betty. "I hope I never see a tennis court again in my life!"

And then there was Bob. He used to play three sports in high school, and varsity baseball in college. Now 43 years old, he's dis-

(See Spike Gonzales page 22)

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...HealthTech

continued from page 3

with running a racketeering enterprise, whose main purpose was to make money from the manipulation of the price of securities, publicly traded on the Nasdaq system." She added, "The purpose was to drive up the volume and price of publicly traded small-cap stocks and then sell those stocks at the artificially raised prices." White went on to say the alleged crime figures used "threats, extortion and violence as part of the scheme to manipulate stock." White continued, "One of the alleged extortions was a threat to knife members of Hall's family if he did not increase payments to them."

We contacted Hall to confirm the reports we had received. When asked if in fact he had been arrested, Hall commented, "Yes, that is correct. I have been charged, but I have not been arraigned. All of the so called 'mob-guys' have been arraigned, but I have not. There are no dates for me yet as I have not been arraigned. In respect to all of these alleged 'mob-guys' I never heard of them, I never talked to them, I don't know them. In re-

spect to the alleged "threat" Hall commented, "The threat was simply that we owed a PR payment to this 27-year old kid and he said if he didn't get his money I'd be sorry. I didn't take the comment seriously. In respect to the stock manipulation charge, the authorities are claiming that as the CEO and President of a publically traded company, I 'should have known' who all of these people were. But, I didn't know them."

Hall then commented on an article published in *Business Week*, date December 15, 1997. He indicated the writer had "done his homework" on the article, inferring that the article would provide an explanation of the predicament he was in. Hall faxed a copy of the article to this writer and after a brief review we found that the writer, Gary Weiss, had done a thorough report on what are called "Chop Stocks" on the stock exchange. The mention in the first paragraph of the 9 page of the *Business Week* article contained a reference to the indictment of the 19 people on November 25th, but there was

no specific reference to Hall or the names of the reputed mobsters. However, the writer did a thorough job of reporting on how 'penny-stocks' are manipulated by brokers, in effect scamming investors out of millions.

While it is not known how this event will play out, it is known that defendants charged and convicted with racketeering face up to 40 years in prison. The other accusations, if convicted, carry a sentence of 20 years. It was also learned that the law firm of Abbey, Gardy & Squitieri, LLP has filed a Class Action suite in the U.S. District Court of Arizona against Healthtech and certain of its officers and directors with violating the Federal securities laws. Any member of the class has 60 days from November 26th to move the court to serve as lead plaintiff. To discuss your rights, contact plaintiff's counsel, Mark C. Gardy or Stephen J. Fearon, Jr. at: (800) 889-3701 or 212-889-3700 or e-mail at sfearon@a-g-s.com.

...Club Industry

continued from page 3

search and joint works with other industries."

The Club Industry Trade Shows will be produced in the future by Intertec Presentations, another Division of Primedia.

According to Terry Moffatt, the Publisher of *Club Industry Magazine*, all departments of *Club Indus-*

try Magazine, except the Editorial and Sales Department, will be moved to the Intertec offices in Atlanta, Georgia. Moffatt comments, "I'm really confident that having Intertec involved will be a huge positive for the club industry in general. It is very exciting to see a large company like Primedia getting involved in our industry. This event comes on the heels of the giant Brunswick Corporation (Life Fitness) and Rutledge Partners (StairMaster) entering the business. Moffatt believes that the significant resources of Intertec will enable them to improve both the magazine and the trade show offerings.

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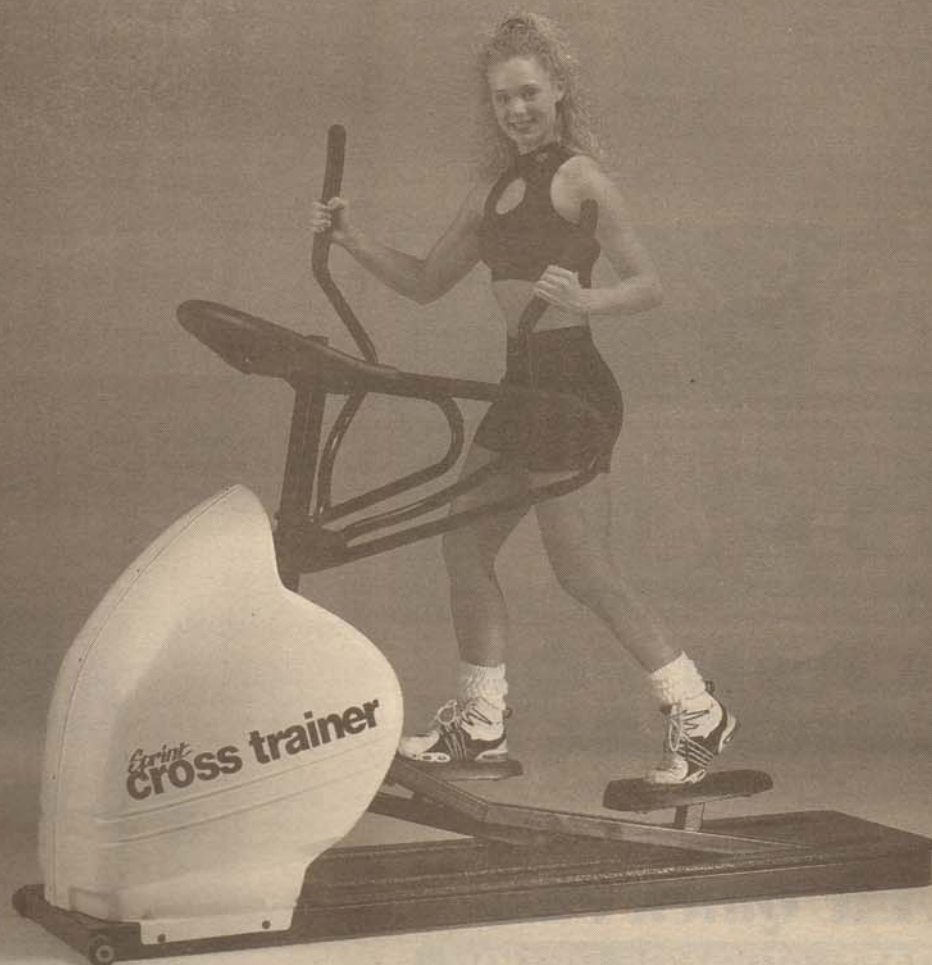
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...Rick Caro

continued from page 7

tures (e.g. new ballasts, conversion to different type fixtures, etc.).

Recently, a number of private companies have seen great success in working with clubs to save dollars. Some have found overbilling on the actual monthly electricity invoice or located re-classification opportunities for clubs with the utility rates. All of these companies receive their compensation in the

form of utility savings — generally, 50% of each month's calculated savings.

COLLECTION AGENCY FEES

Most clubs now do an adequate job of dunning those members who owe money. Most clubs either do their own dunning with a series of 2 or 3 letters, generally 30 days apart to their receivables or use an outside company to perform the same function. Once clubs decide that a

member will not pay his previously billed account, they seek out collection services from an outside agency. Clubs generally can best handle this step by turning over the account directly to this outside firm and distancing themselves from the process. This is important since collection agencies threaten to harm an individual's credit rating, possibly seek a judgment against the former member and maybe, put a lien on his house or garnish his wages. All of these threats and actions are distasteful and ones clubs want to be as far

removed from as possible.

The collection agency will negotiate its fees. Generally, 50% is the most it should receive for its efforts, although some clubs only offer 40%. When a case gets near trial, some agencies want the club to pay the legal fees (lawyers, court costs, etc.). However, all of the extra fees associated with any litigation are negotiable. Perhaps, the more important issue than the fees paid to a collection agency is to select an effective firm who adheres to laws and will work hard for the club, even on small

amounts.

If all items are implemented, substantial savings are available - and can be projected with confidence.

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

...Spike Gonzales

continued from page 18

appointed he's so out of shape and graduating to larger and larger pants waist sizes. He can't get into any

of his old team sports. Even the YMCA basketball games seem to be tougher and tougher to get to. "Maybe I'll try this free lesson," he decides. "It should be more convenient to play, and certainly more fun than sitting on one of those stationary bikes."

"What a waste of my

time," Bob thinks, as he waits for his turn to hit the ball. "I got more exercise playing catch with my son. At least I can show them how hard I can hit the ball when my turn comes up. Still haven't lost it!"

"Too bad there's no one out here who could give me a game," he laments. A couple of guys on the other courts might be prospects, but Bob doesn't feel right approaching them. "After all, they look like they know what they're doing, and I don't even know how to keep score."

"It looks like quite a come-on" Bob analyses. First a pro suggests he take private lessons at the ridiculous fee of \$45

per hour, and then they suggest he get into some group lessons with the rest of these people who can't even hit a ball. "Why would I even consider paying money, anyways, when I can play on my own for free at the high school? Looks like a lost cause," he concludes. "Maybe I better start golfing with the guys after all!"

Betty and Bob are failures! We don't hear about them. They share their experience with their families and friends, and these people they've deterred from coming never call and even give it a try. And Betty and Bob, of course, had no need to complain. They can't get their money back for something they got for free in

the first place. (Bob was tempted to ask the facility to pay for wasting his time, but decided "life is too short.")

However, we do hear about Margie and Mary. They came together to their free lesson, and kept each other company while waiting in lines. They each had already gone out and bought some inexpensive racquets, as they had already decided they could play together. They had known each other for ten years since high school where Margie played softball and Mary played girls soccer. It was great they could get into a set of inexpensive Play Tennis America lessons together. They signed up

(See Spike Gonzales page 27)

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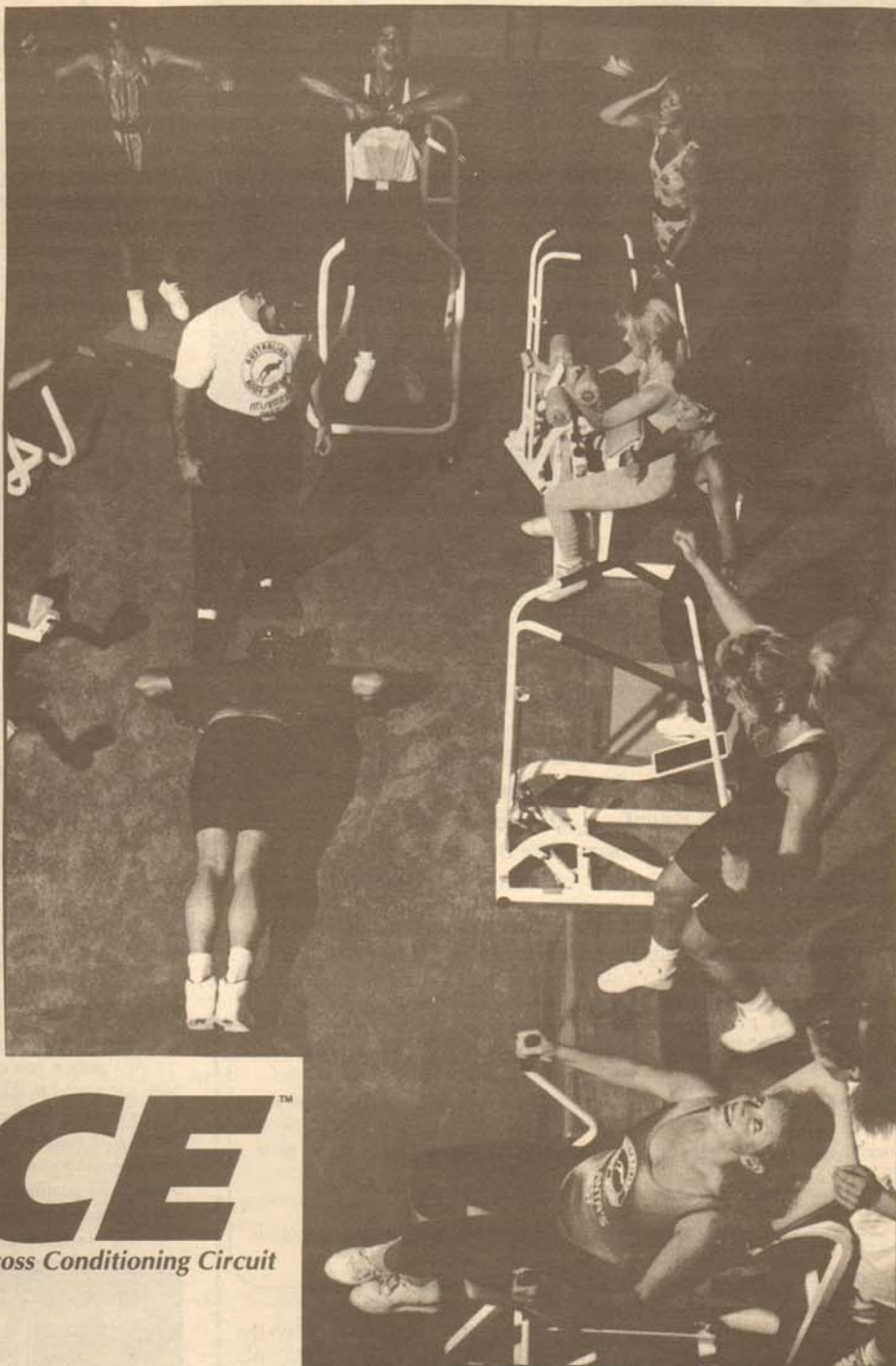
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...Richard Gerson

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may get the answer that tells you the club was incorrectly positioned in the marketplace and this helps you re-position your club.

An Example of a Well-Positioned Club Business

As a consultant, I've had the opportunity to work with many businesses. I've spent the last 5 years consulting with a major hospital system in my area. The health system realized that the move in medical care was toward both preventive care and outpatient services in the areas of cardiac rehabilitation and physical therapy. So, they opened a wellness center in a separate facility from their hospital, but close enough to the main hospital to tap into all the medical services.

They positioned themselves as a health club (all the latest equipment with degreed and certified fitness professionals on staff) with a medical component (a total wellness center), kept their membership prices in the mid-range for the marketplace (following good, competitive market research), and offered the same type of pre-opening and grand opening membership drives that health clubs use. Membership sales went through the roof and continue to grow steadily.

The wellness center must support itself, and it follows an operating principle that I've espoused for over 10 years now for hospital-based or owned wellness centers. That principle is to operate as a free-standing, for-profit health club and promote the value-added services.

By positioning their health/wellness facility this way, they were successful from the day they opened.

We All Need Heroes

Another way to position your club for success is to find a hero. Make this hero someone or a club you truly look up to. This person or business becomes your role model for success.

Make a list of the traits and qualities of a person you could admire who has been successful in the club industry, and of the business operating principles that stand out in your mind. Then, go out and find as many people and clubs as you can who evidence these qualities. I recommend finding many heroes because you'll always have someone or some business to look up to and

emulate. Plus, they'll always be doing something new that you can learn from.

Check out the positioning of your heroes. Why are they so successful? What have they done that gets members in the doors and keeps them there? What can you do to copy their successful behaviors and business practices?

In short, you can achieve your positioning by adapting or adopting someone else's positioning. You can "be like Mike", if Mike is someone whom you want to be like and who is positioned well for success.

Remember That Positioning Is A State of Mind

The classic definition of positioning in business is the place you hold in a customer's mind. Once you know where this place is, you can make up a positioning statement that describes the perceptual position for your club. Make this statement clear, succinct, yet comprehensive.

Here are some positioning statements you can use or adapt for your club:

"We are the low-cost fitness provider for women over 40."

"We are open 24 hours a day to accommodate your schedule."

"All our fitness staff members and personal trainers are college degreed and ACSM-certified."

"One membership, one price, 50 different services included."

"Fully computerized exercise tracking for all members."

These should give you a starting point to position your club and differentiate yourself from your competitors. Once you hold that all-important place in the member's mind, don't ever let anyone dislodge you from it. Do whatever you can, great customer service and loyalty-building retention programs help here, to keep the members happy and maintain your position in their minds.

(Richard F. Gerson, Ph.D., CMC, CPC is President of Gerson Goodson, Inc., a relationship marketing consulting and training firm located in Clearwater, FL. He is the author of 13 books, his latest being *Members for Life: How Clubs Can Attain, Maintain and Retain Members for Life*. He is often a featured speaker at IHRSA conferences as well as providing consulting and training programs for club owners and operators. For more information on his books and services, call 888-2DR-RICH or 813-726-7619, or e-mail him at getrich@richgerson.com.)

MAKE IT FUN!

...Regional Associations

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fair competition and all its ramifications. THRSA continues gathering information about local Texas situations of unfair competition that will be used to bring these matters to the attention of the general public, legislators, and others.

THRSA's goal is to build the membership to include all the top quality clubs in the state. As of early December, 1997 it has 35 member clubs representing 69 facilities across the state. In addition, another seven or eight clubs have indicated they will join following the Management Retreat in Dallas. Associate Members fills out the membership of THRSA.

Tentative plans for 1998 were approved by the Board of Directors at the November 21st meeting. They include a March Board meeting in conjunction with the IHRSA Convention in Phoenix at which time the Board will be briefed on issues related to unfair competition as well as conducting their regular business.

In April, 1998, THRSA will host a Front-line Conference providing quality training at affordable prices in Austin. The Annual Meeting, Midyear Conference and Trade Show will be held in July in College Station, a Board meeting will be held in August in the Houston area, followed by the Management Retreat in November hosted by The Houstonian Club in Houston. Additional programs will be developed in partnership with The Houstonian and the Cooper Aerobics Center for middle management personnel and sales staffs.

THRSA invites quality clubs from across Texas to join the Association. In addition the Board of Directors has approved members from clubs outside of the State who would like to take advantage of the opportunities THRSA offers.

Inquiries for additional information can be directed to Cid Galindo, Executive Director or Jerry Markowich, Member Services Director for the Association at 1900 W. Villa Maria Road, Bryan, Texas, 77807. Telephone #: (409) 823-1919, fax # (409) 823-1921.

WESTERN ASSOCIATION OF CLUBS (WAC) REORGANIZES

The Western Association of Clubs (WAC) was formed in 1990 as "The Colorado Association of Quality Athletic Clubs". The name was changed at the first annual summer conference in 1993 to accommodate members from states other than Colorado. In an effort to fight an increasingly aggressive drive to build million-dollar community recreation centers in the Denver metropolitan area, a small group of club owners and managers united to fight this unfair competition. To date, three major attempts to pass legislation limiting competition from tax exempt recreation centers failed. However, in addition to the unfair competition issues that initially brought these owners and managers together, they began sharing ideas, experiences and information to assist each other in staying abreast of the fast growing and ever changing club industry. After three years of countless volunteer hours and thousands of dollars it was time to make some decisions. In order to keep the group together they needed someone to manage it and give it direction. Pat Pine was hired as the Executive Director in July of 1993. A formal structure was adopted, committees were formed and programs and activities were implemented. Membership growth was slow but steady for the first three years. The Association grew to over 100 total members and

had implemented 18 programs. The Association, notwithstanding, had reached a plateau. It was decision time again. At the 5th Annual Winter Retreat recently held in Vail, Colorado, the WAC Board met to determine the future of the Association. With the assistance of Dr. Gary Copeland, a professional facilitator based in Denver, Colorado, and much discussion from the Board, the following resolutions were made. The consensus of the Board was that the Association needed to focus on the following:

1). to identify and focus on the primary issues and challenges facing the health club industry.

2). to develop goals and objectives to meet those challenges,

and

3). to implement an action plan for attainment of those goals and objectives

With the above as the new action plan, the first order of business was to rewrite the Association's Mission Statement so that it fit the newly defined vision and mission determined by the Board. A new Mission Statement was, in fact, developed and states as follows: "WAC is committed to improve the image, services and profitability of member clubs".

As part of the new action plan, the services and programs to be focused on are identified as 1)

educational seminars, workshops and clinics, 2) networking opportunities, 3) legislative action, 4) group purchasing, and 5) a resource center at the WAC office. A total of eight programs were dropped including the Colorado Fitness Therapy Network* so that more time and energy could be spent on the primary issues identified. Another goal set by the Board was to procure more involvement from members. By concentrating on a few select issues, as well as creating more opportunities for participation by giving more of the responsibilities to run the Association back to the members, the action plan was established. Committees (See *Regional Associations* page 26)

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TSI EXECUTIVE MANAGEMENT TEAM

MARK SMITH, CHIEF EXECUTIVE OFFICER - Mr. Smith joined TSI in 1985 and is primarily responsible for meeting TSI's aggressive growth plan.

ROBERT GIARDINA, PRESIDENT and CHIEF OPERATING OFFICER - Mr. Giardina joined TSI in 1981 and is primarily responsible for sales and marketing for all TSI clubs.

ALEXANDER ALIMANESTIANU, EXECUTIVE VICE PRESIDENT - DEVELOPMENT and LEGAL - Mr. Alimanestianu joined TSI in 1990 and is responsible for directing growth and development plans as well as managing legal affairs.

RICHARD PYLE, EXECUTIVE VICE PRESIDENT-CHIEF FINANCIAL OFFICER - Mr. Pyle joined TSI in 1987 and is primarily responsible for financial reporting, treasury management and the appraisal of new projects and acquisitions.

DEBBIE SMITH, SENIOR VICE PRESIDENT-OPERATIONS - Ms. Smith joined TSI in 1985 and is primarily responsible for directing club operations and management of TSI's 40 locations.

LESLIE KIMERLING, SENIOR VICE PRESIDENT-INFORMATION MANAGEMENT and PLAN-

NING - Ms. Kimerling has been with TSI for more than five years and is primarily responsible for the integration of information in the strategic planning and operations of the company and the development and use of information systems and other related technologies.

BOB CALVO, VICE PRESIDENT-SALES - Mr. Calvo joined TSI in 1991 and is responsible for club design and development as well as all aspects of construction management including renovations, expansions and new construction.

MAGGIE STEVENS, VICE PRESIDENT-SALES - Ms. Stevens joined TSI in 1990

and is responsible for sales performance and the management of TSI's sales team.

NINA DUCHAINE, VICE PRESIDENT - PROGRAMMING - Ms. Duchaine joined TSI in 1985 and is responsible for the development and management of TSI's programming (group fitness, personal training, nutrition and health-related offerings) as well as management of the fitness staff at all TSI clubs.

ED TRAINOR, VICE PRESIDENT-FITNESS - Mr. Trainor joined TSI in 1983 and along with Ms. Duchaine, is responsible for the management of TSI's fitness staff as well as directing TSI's fitness services including

equipment development, selection, purchase, and placement. Mr. Trainor also works closely with Ms. Duchaine to develop, implement and manage program offerings.

CAROL CORNBILL, VICE PRESIDENT-CONTROLLER - Ms. Cornbill joined TSI in 1978 and is primarily responsible for processing and maintaining TSI's membership database to include collection of dues by electronic funds transfer.

MONAGUZMAN, VICE PRESIDENT-ACCOUNTING - Ms. Guzman joined TSI in 1990 and is responsible for financial reporting and general accounting including accounts payable and payroll.

...Regional Association

continued from page 25

will be formed with a Board member as the chairperson. All committees will have complete responsibility for overseeing the programs and activities. Laurie Helmick, President, will take on more responsibility by ensuring that all committees are doing their job. Pat Pine, Executive Director, will be phasing out his involvement over the next year so that he may concentrate on the formulation of the new National Fitness Therapy Association, (NFTA). (More about this in the January issues of *The CLUB INSIDER* News.) The Board also wants to pursue a closer relationship with IHRSA, perhaps by changing the Association's name which would more closely identify it with IHRSA programs and services.

* The Colorado Fitness Therapy Network (CFTN) was dropped as a WAC program so that those clubs interested in more of a health care connection could pursue that interest without a burden on WAC.

WAC BOARD OF DIRECTORS 1997-1998

EXECUTIVE DIRECTOR - Pat Pine

OFFICERS
President - Laurie Helmick - Consultant

Vice President - Larry Cline - Lakewood Athletic Club

Secretary - MaryBeth Bradley - Healthworks

Treasurer - Wes Goehring - Greeley Work Out West Fitness/Tennis

BOARD
Sherman Wenger - Evergreen Fitness & Tennis Center

John Adams - Lakewood Athletic Club

Dennis McGrath - Orchards Athletic Club

Gaye Steinke - Vail Cascade Club

Lisa L'Archevesque - Plaza Athletic Club

David Smalley - New Valley Athletics

Gwen Krueger - Sunset Beach Wellness & Sports Club

Larry Domingo - Precor USA

Mid-Atlantic Club Management Association (MACMA)

The Mid-Atlantic Club Management Association (MACMA) was established in 1989 and had continued to be a growing network of 120 health, racquet and sportsclubs in the states of Virginia, Maryland, Pennsylvania, Delaware, and the District of Columbia. MACMA is a non-profit re-

gional trade association of the International Health, Racquet and Sportsclub Association (IHRSA) and has the largest geographic region of clubs in the United States among regional associations.

Its organization is dedicated to expanding education and communication for its members and is utilized by its members as a vehicle to share ideas, define problem-solving strategies, and provide information in a professional atmosphere. MACMA gives its member clubs the educational and networking opportunities they need to help them grow stronger and rise above the competition. MACMA provides quality and affordable services and will educate front-line and department managers....locally!

MACMA also provides its Associate members with opportunities to network in both social and professional atmospheres. These suppliers of goods and services to the fitness industry share MACMA's commitment in helping to strengthen the industry in the Mid-Atlantic region.

MACMA has a Board of Directors made up of 10 owners and general managers of clubs from within the region that MACMA covers. Its Board of directors includes President - Jeff Esswein, General Manager of the Racquet Club of Pittsburgh, Vice President and Treasurer, Frank Guengerich, General Manager of the Worldgate Athletic Club, Sabrina Wallach, Old Town Athletic Club, Jane MacFarlane, Fitness For Women, Ward Hamilton, Robious Sports and Fitness Center, Linda Mitchell, Newtown Athletic Club, Julia

Wheatley, Women's Fitness Center, Joel Schlossberg, Columbia Association, John Philbin, Philbin's Fitness Centers, Nancy Hafford, Merritt Athletic Clubs and Ex-Officio Frank Ancharski - the Benfield Group (formerly of The Fitness Company). Kristen Fowler is the Executive Director for the Association.

MACMA's purpose is to provide a forum for health and racquet club operators to improve their services and business, to be a primary source for continuing education for all positions of club employment, and to pro-actively assist clubs and legislative bodies in providing fair consumer and tax legislation to encourage better health through exercise.

For more information on the Mid-Atlantic Club Management Association or to become a member of the Association, please contact the MACMA office at 888-59-MACMA.

IHRSA ONTARIO

IHRSA Ontario is a regional association of over 60 fitness clubs in Ontario, Canada. Its primary function is to complement the international services of IHRSA by providing extended professional development seminars and training, encouraging local area networking and dealing directly with specific unfair competition problems.

IHRSA Ontario is currently launching a membership expansion drive. The advertised benefits of joining our association are:

1. Extensive, low-cost, high-quality professional development and training programs for staff

in all department areas.

2. Networking with peers and industry leaders: Club owners and managers sharing industry problems and opportunities.

3. Actions to reduce unfair competition from public and charitable fitness operations through government lobbying, conflict management negotiations and public relations. Be a part of IHRSA's negotiations with municipalities to promote the interests of commercial operators in regional planning.

4. Promotion of your club as one of the quality clubs affiliated with over 4,000 IHRSA clubs worldwide. Be part of an important, new marketing program directing the public to choose health and fitness clubs committed to high standards for facilities, programs and member services.

5. Ongoing regional information exchange and provincial/national updates in industry trends and news.

They feel that a regional association should be an extension of IHRSA, delivering services and benefits that are beyond the reach of the parent organization. IHRSA has been very supportive of this concept. With no formal structure or organization in place between IHRSA and the regionals, each regional organization has developed its own unique character and style. This seems to be working. An ongoing concern is that the regionals retain their IHRSA identity and support. It may be that as IHRSA continues to grow and develop, particularly in the international scene, it will become possible to define the role of regional associations and to fulfill their promise of extended services and benefits throughout the entire membership.

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H & F Solutions, P.O.Box 266, Lincoln, MA. 01773.
Fax #: (617) 259-1152.

...Spike Gonzales

continued from page 22

immediately, and then continued to
play tennis for many years to come.

Margie and Mary were al-
most always cheerful, and
occasionally told the club pros and
management what a great program
it was that got them started. To

themselves they often commented
however, "I wonder what hap-
pened to those other dozens of
people who came to that first les-
son!"

(Spike Gonzales has
been building tennis markets since
1971. He was a prime developer
of Tennis Corporation of
America's Tennis in No Time® and
an advisor to the USTA in start-
ing Play Tennis America. An in-
fluential member of the USPTA,

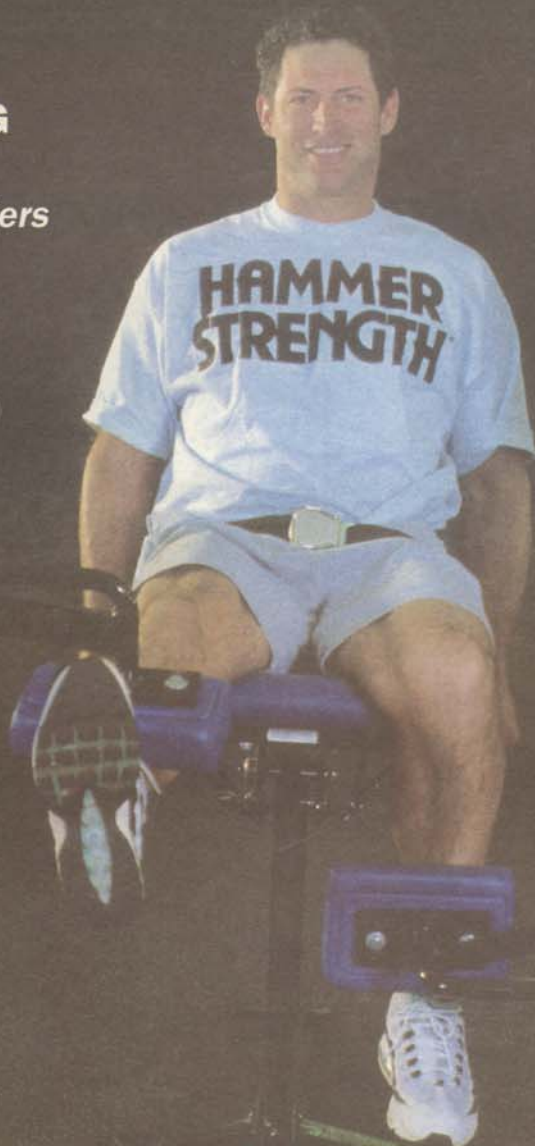
USTA and IHRSA, he helped
bring those organizations
together to found the Na-
tional Tennis Rating Pro-
gram. He presently serves
as an advisor to Tencaps,
Inc., a USPTA endorsed ten-
nis rating system and con-
sults with clubs wishing to
improve their marketing,
management teams and ten-
nis professionals. Spike may
be reached at: (941) 774-
2442.)

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