

THE Club Insider

NEWS

FEBRUARY 1995

U. S. POSTAL
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The Pulse of the Health, Racquet & Sports Club Business

WHY IHRSA OPEN FORUM WILL BE IMPORTANT

The IHRSA (International Health, Racquet and Sportsclub Association) Open Forum scheduled for the San Francisco Convention on Friday evening, March 17, 1995 from 6:00 to 7:30 p.m. could be a PIVOTAL meeting for the Association. IHRSA members should make plans to be at the Open Forum, Here is why:

The following is taken verbatim from the IHRSA, October, 1994 Board Meeting Fact Sheet. This statement contains no input of any kind from The CLUB INSIDER RELATIVE TO THIS STATEMENT. Input relative to this issue is found on Page Two "The INSIDER SPEAKS."

BOARD MEETING FACT SHEET October, 1994

REGARDING THE STRATEGIC PLANNING ISSUE AS TO WHAT TYPE OF FACILITIES MIGHT IN THE FUTURE BECOME MEMBERS OF IHRSA

In October, 1994, the IHRSA Board of Directors, as part of its strategic planning responsibility, has developed a current and projected industry segment analysis that includes all facilities providing fitness and athletic services in the U.S. market.

This analysis, which includes for-profit clubs, member-owned clubs, corporate fitness centers, YMCA's, JCC's, park

and rec centers, university facilities, penal institutions, military bases, spas and hospital clubs, comprises over 40,000 institutions that are providing fitness and sports facilities for their clientele.

The purpose of developing this segment analysis was to develop the appropriate background information for an initial Board discussion as to whether IHRSA should in the future expand its services to include other types of facilities not currently included in the IHRSA membership.

At the next Board meeting which will take place in March, 1995, immediately before the Convention, the Board will begin to consider various future scenarios relative to how IHRSA

should relate to these different industry segments in the years ahead.

Among the scenarios to be discussed are the following:

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

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

rent by-laws.

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

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

(See Open Forum page 9)

Health Rider & Club Insider Team Up

By Norm Cates, Jr.

HealthRider, an equipment company based in Salt Lake City, Utah, is currently taking the home exercise market by storm. With 1994 sales of over \$115 Million, 1995 is proving to be even bet-

ter. Clipping along at a \$300 Million pace, HealthRider is breaking all sales records and is well on its way to creating a "top of the mind" awareness with club members and prospects. An ongoing multi-million dollar national media blitz accounts for tremendous consumer recognition of this unique product. The award-winning TV infomercial, radio

advertisements, mall kiosk locations, print advertising in newspapers and periodicals combine to create a marketing approach which is producing amazing results.

Interesting demographics make up the sales of close to 400,000 units to date: 67.6% are Female!! 73.8% are between the

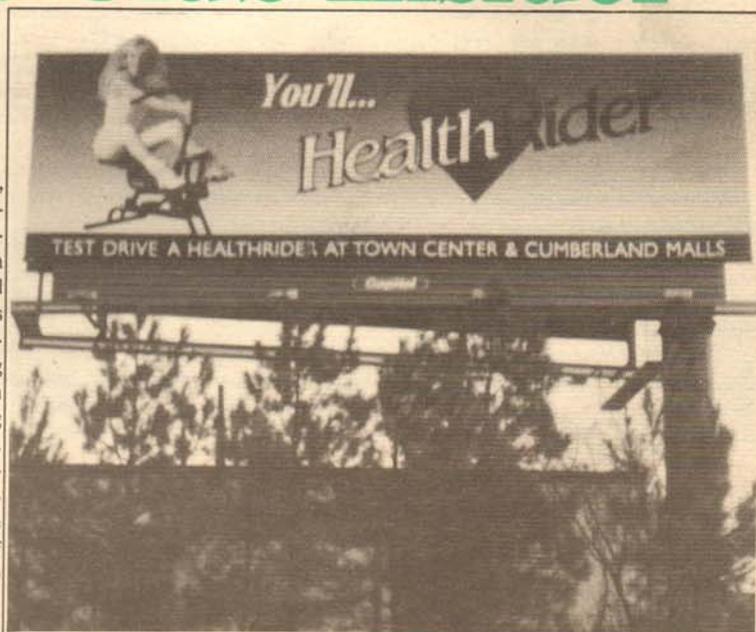
ages of 35-64!! 47.7% bought the machine for weight loss, 72.5%

for general fitness.

As the only fitness ma-

chine endorsed by fitness guru

(See Healthrider page 22)



Health Rider Billboard in Marietta, Georgia

• Inside The Insider •

- The YMCA Shield
- The Club Industry In The Year 2000
- Insurer & Clubs Form Partnership
- Big Money!
- Club Industry Employment Recruitment
- Reducing The Club's Real Estate Taxes
- The Health Care Connection

THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

Pursuit Of Growth Without Huge Risk To IHRSA's Future

By Norm Cates

If you are interested in IHRSA's future, then you were probably interested enough to read the top front page article for this month entitled: "Why The IHRSA OPEN FORUM Will Be Important."

Last month, we published a letter from Gold's Gym Owners Bill Austin, Lyle Schuler and Mary Murphy to Curt Beusman, the owner of three upstate New York and Connecticut clubs. We also published a letter that I sent to Bill Austin and his partners. In this issue we have published a report compiled from input from our readers and from two club industry professionals who specialize in club employee placement.

The letter shown below is Curt Beusman's response to Bill Austin's attacking letter:

HUDSON VALLEY CLUB

72 Route 72 9W
New Windsor, New York 12553

Mr. Bill Austin, Owner
Gold's Gym
260 Route 17K
Newburgh, NY 12550

Dear Bill:

I received your letter concerning my conversations with Barbara Meredith. Considering the following, you'll know why I found your letter ill-considered and hypocritical.

1. I am surprised by your comments concerning my ethics about approaching Barbara considering that just over one year ago you did exactly the same thing to me. Don't you remember when you tried to hire our Sales Manager, Ms. Leslie Linder-Holvey? Your first recruiting contact with her was via a phone call to the front desk at Hudson Valley where you used a fictitious name. You subsequently met with her in your office and offered her a position as G-M at your Poughkeepsie club. At the time, I found your offer to her of concern but not unethical. It never crossed my mind to write you a nasty letter with copies to industry associates. It's just what happens with competitive business.

2. I do not know any of your Newburgh sales staff and do not recall ever meeting any of them. I therefore could not have made "previous advances" to any of them. Again your allegations about my actions are absolutely wrong.

3. In the past 10 years, I have had a General Manager, two Assistant Managers, A Tennis Director, sales people and fitness staff recruited and employed by competitors. There is nothing unethical about such recruiting. In fact, it's against the law to restrain an employee unless both parties agree to a written contract of specific duration. Nor does the IHRSA Code have any non-compete stipulations between the club owners. According to John McCarthy, IHRSA Executive Director, such stipulations would be absolutely illegal under both Federal and State Laws. You obviously know this since you recruited directly against me last year with Ms. Linder-Holvey and I'm sure you didn't feel you were breaking the law.

4. I'll be happy to ask permission to visit your clubs. I hope you will allow me to do so. You, however, are encouraged to visit any of my three clubs at anytime without prior notice as they are open to the public, as per the IHRSA Code.

I find your decision to copy IHRSA staff members and Club Industry staff contentious. More importantly, your seeming intent was to embarrass me and damage my reputation in the industry. As your letter makes unsubstantiated charges about my business ethics, it constitutes defamation per se.

Lastly, why send a copy to Leslie Linder-Holvey who has recently been promoted to General Manager at Hudson Valley Club? Was the intent again to embarrass me? Leslie and I have discussed your letter and agree! Are we talking a different standard of ethics depending on who's doing the recruiting?

In summary:

- 1) Your error-ridden letter with its unsubstantiated charges is defamatory per se.
- 2) Your request to "..... cease further contact with our employees..." is contrary to federal and state jurisprudence.
- 3) Your restrictive visit demand is contrary to the IHRSA Code of Conduct.

Yours in good health,
Curtis C. Beusman
President

P.S. Please feel free to call me if you would like to discuss this matter personally instead of by mail.

Once again, I want to emphasize that those words were the work of IHRSA's current leadership in its effort to properly and fully air the all-important issue of membership eligibility for the Association and obtain input from the IHRSA Members before they moved forward. We should give this Board a lot of credit because they have been totally straight-forward with us about this 1998-2000 Strategic Planning Process. Contrary to the approach used when EXERCERE was thrust upon us after the consultant and committee had selected it and then the Board approved it, this Board is doing the right thing in the effort to hear IHRSA Members opinions before diving into this important planning process.

Extremely careful consideration of item #3 on the scenario list on the front page is important to the future of IHRSA

Let's examine Scenario #3 and try to understand what it might mean to the Association in terms of your own situation. A list of the possible eventualities should the Board pursue #3 is shown below. These potential situations need to be considered by all interested IHRSA members before this strategic planning for 1998-2000 progresses. If you elect to ignore the situation and not participate in the process of the Open Forum or the other methods of communication to the Board, then as the bumper sticker on the back window of my Buick Estate Wagon says: "DON'T BLAME ME.....!"

By definition, per the Association's Board Meeting Fact Sheet, the phrase "all facilities working to expand the market of men and women and boys and girls committed to a lifetime of regular exercise and sports" means the potential groups listed at the top of the Fact Sheet, i.e., "for-profit clubs, member-owned clubs, corporate fitness centers, YMCA's, JCC's, park and rec centers, university facilities, penal institutions, military bases, spas and hospital clubs, comprises over 40,000 institutions that are providing fitness and sports facilities for their clientele."

LIKELY HAPPENINGS IF IHRSA PURSUES #3

It is time someone asked the question: "Why does IHRSA need to grow?" If the question can be

legitimately argued that IHRSA needs to grow, then here are likely happenings if IHRSA pursues #3:

(1) The Association could become so large and unfocused that the conventions and IHRSA institute could lose most of their meaning to many current members. Scenario #3 would be a boon for Associate Members because we would end up with a trade show the size of the IHRSA, CLUB INDUSTRY, IDEA and GOLD'S GYMS combined. Without significant re-organization of the IHRSA conventions, the deal would become a huge mess.

(2) IHRSA's CBI Magazine, Newsletter, Passport Program, and other services would all have to be dramatically modified to keep pace.

(3) Due to a feeling of disgust and disenfranchisement, many current and potentially future IHRSA members would seek the haven of a new Association..... one that would commit to stick to what it was established for, namely to help "for-profit" clubs get and keep members profitably. It is almost a given that one or two or even three new national club associations would appear to address the needs of disenfranchised "For-Profit" clubs. These new associations would end up taking away many of the current IHRSA members, thus making this Scenario #3 a very risky move.

Over the years the Association has lost members and added members at a fairly significant clip. Could it be possible that IHRSA has already "churned" through most of the 12,000 "for-profit" clubs in the U.S.? Is it possible that this is the underlying reason why item #3 even appears on the potential scenario list? Maybe the Board of Directors and Management at IHRSA knows the answer to that question.

Why do club owners decide to drop out of this great Association? If you consider an analogy from the report published in this issue entitled "Why Companies Lose Customers", (Page 12) it is my guess that they leave because they are not satisfied with what they have gotten for their money and time invested and/or how they have been treated by someone in the
(See Scenario #3 Page 3)

•NORM'S NOTES•

"THE LUXURY OF INSULTING PEOPLE." When I walked into the door of the recent Atlanta Super Show, I immediately spotted a fellow who is the Editor of one of the most prominent glossy-color publications that serves the club industry. What he said to me concerns me and I want to express these feelings to you. He was standing with another fellow and introduced me to him as the Publisher of a new and upcoming publication targeted to the world of residential health and fitness. For the introduction, the Editor said to the fellow: "Norm publishes a newspaper for the club industry and HE ALSO HAS THE LUXURY OF INSULTING PEOPLE!" At the moment, we all laughed it off. But, later I got to thinking..... if this is what this guy thinks and says in FRONT of me, I just wonder what he says to people behind my back? When I began to publish The CLUB INSIDER, I told all of you that I was going to "tell it like it is." Your feedback to me in person and on the subscriber surveys tells me this is something you want me to do and that I am the ONLY publication in the world that has such candor. I am going to continue to be honest, candid and forthcoming in the future just like I have all of my

life before I got into the newspaper publishing business....! If the HYPOCRITES (and believe me, there are some) in this industry can't stand the TRUTH, then all I have to say is "I'm very sorry." And, if in the process of reporting the REAL STORY about what is happening in our industry, I step on YOUR toes, then maybe you ought to clean up your act so I won't have anything negative to report to your peers in the industry. As a former club owner and operator for nearly 20 years, I know in my heart that club operators out there need and deserve to hear the HONEST TRUTH about what is really going on. To hold back the facts and the truth about important issues and situations that might affect them and their family's future is to me, fundamentally wrong. For that reason and that reason above all, I'm going to continue to "tell it like it is."

The EISENZIMMER Family, Mark, Debbie, Frank and Myrna own and operate three clubs in the Gresham, Oregon area. The mothership club, The CASCADE ATHLETIC CLUB and its two branch locations, the 205 Club and the CAC Fitness Only location, have been honored by a local business publication as one of the Top 10 Businesses to work for in the Portland area. It is nice to see this kind

of recognition for an organization of very nice people. They not only serve their community well by delivering top flight clubs, but the Founder, Frank Eisenzimmer has turned his efforts to community service and has recently raised over \$600,000 to build a place for underprivileged children in the area. These folks set a standard for everyone in our industry to look up to.

PRICE CUTTING has recently been touted by a CBI Magazine feature article as one way to go in order to meet oncoming-low-priced competition. While this approach seems to have worked for some, there are many in the industry that would argue that this approach is eroding the profits for all clubs everywhere. The alternatives to price cutting are to add value and creating product differentiation to justify steady prices and reasonable and timely dues increases. And, there is at least one unmitigated disaster taking place in a prominent U.S. club which sought to gain market share and become more competitive by cutting prices. The CLUB INSIDER will examine this price cutting strategy in future issues and we would like to hear from you about your thoughts and views on the



Guess Who?

subject.

RAY GORDON is the President of Salesmakers International, maybe the most experienced club membership sales training and consulting company in the business. About a year ago, Ray became involved in a Management Contract for the Naples Fitness Center in Naples, Florida. In one year, Ray and Sandi Gordon have totally remodeled, re-energized and re-equipped the 20,000 square-foot club and they have increased membership from 300 when they started up to 1,700 as of this date! Ray reports that the club grossed over \$100,000 in January with about 70% EFT! This is a classic example of

"practicing what you preach." And, speaking of practicing what you preach, Ray and his partner, ED TOCK, will conduct their 7th Annual Managers and Sales Managers Seminar on April 28, 29 and 30th. The Seminar will be conducted at the Vanderbilt Beach Resort in Naples, Florida. About five years ago, I and one of my employees attended the Seminar and I can tell you from experience that if you will attend, listen, study and implement the Sales Makers Seminar, you WILL improve your club's sales production. (The 1993 clients averaged a 27% increase in sales). The Sales Makers System is tried, tested and it works! Check out the (See Norm Notes page 18)

Scenario #3

continued from page 2

company. As one who takes great pride in what IHRSA has done to advance the club industry, it is hard to relate to a club owner who would not be satisfied with IHRSA's excellent and full array of services. And, to think that anyone would leave because of how they were treated by John McCarthy and his excellent, highly service-oriented staff also boggles my mind because I have such a high regard for all of them as indi-

viduals and as professionals. They are just top flight. So, what is the answer?

Could it be that some of those IHRSA members dropped out because they didn't like the direction that the IHRSA Leadership had been taking the Association?

Now, I guess you might want to hear the answer to the question posed here "How can IHRSA pursue growth without huge risk for the future?" That answer is to DIVISIONALIZE IHRSA in order to remain UNITED. Here is my idea. First, look at that list of the various factions that compose that list of

IHRSA (The "Mother-Ship")

WELLNESS CENTERS (For Profit)	COUNTRY CLUBS (For Profit)	AMENITY (Hotels, Resorts, Spas)	MULTI-PURPOSE CLUBS	HOSPITAL (For Profit Only) CLUBS	EXERCERE (Fitness Only)	RACQUET CLUBS
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40,000 facilities. Get REAL and eliminate YMCA's, JCC's, park and rec centers, university facilities, penal institutions and military bases from ANY and ALL CONSIDERATION now and in the future because to tread into the land of embracing and welcoming "Non-Profits" into IHRSA will surely be the kiss of death of IHRSA as we know it. Second, take the remaining constituencies and re-organize the Association into DIVISIONS each of which should result in smaller more focused service Associations. Make IHRSA the "Mother-Ship" of all of these groups. Provide a combined annual convention where all groups gather and share certain segments of the big convention, but divide into their various DIVISIONS for seminars, focus groups and other training efforts for the last two full days of the "big show."

John McCarthy and his team would be asked to grow into expanded roles of responsibility. They would be given leadership from a new structure for the Board of Directors. That structure would include one Board Member from each Division, two Board Members from the Associate Membership Group and two "At Large" Board Members selected from operators who have clubs in two or more of the club divisions. One Board Member for each division would be elected by the members of the Divisions and the "At-Large" Board Members would be nominated and elected from the membership at large. All Board members would be elected during the month immediately AFTER the annual convention and would take their seat two Board Meetings later.

The Mother-Ship,

IHRSA, would be able to go back to basics and provide a much more close knit Association product to each division. Reborn would be the days where you could go to the convention and actually know the people at the convention..... and help each other with the challenges that are specific to your division. Born would be the days where Division Standards could be installed and lived up to.

The choices will become increasingly clear. If IHRSA succumbs to the tantalizing temptation of expansion for the pure sake of expansion..... it could expand itself into something that nobody recognizes, understands or supports. And, that would be a crying shame.

(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER, served as the 1st President of IHRSA and a co-founder of the Association and still serves IHRSA on its Advisory Board.)

IHRSA OPEN FORUM DON'T MISS IT!

WHERE: San Francisco IHRSA Convention
WHEN: March 17, 1995
Friday Evening 6:00 - 7:30 P.M.
WHY: To Protect The Future Of IHRSA!
HOW: Plan Your Convention Schedule To Make The Open Forum A High Priority

JUST DO IT!

Preferred Clubs Add Value to Club Membership

By Norm Cates, Jr.

In a club operator's world which can be invaded quickly with new and low-priced competition, life can be a real challenge. Some clubs choose to cut their membership prices in order to compete. While this may seem to be the answer for some, price cutting can often lead to a downward spiral of staff reductions, deferred club and equipment maintenance, withdrawal of marketing outreach and reduced profits. Instead of obtaining the ex-

pansion of market share sought by price reductions, a club owner who elects to cut prices to compete may be faced with existing members that elect to "downgrade" their membership to the "new deal." This further accelerates the problems associated with price cutting. In fact, one major U.S. club recently attempted to "cut prices" to compete with lower priced competition. The result..... in just one month, over 2,000 of the club's estimated 5,500 members downgraded their memberships to the "new deal." This loss represents over \$60,000 per month in dues!

In their endeavor to compete in the market place without cutting prices, many clubs pursue ef-

forts to ADD VALUE and to DISTINGUISH their clubs from others in the market place. These efforts often take the form of new programming, equipment or services.

ADD VALUE AND DISTINCTION

The world's only V.I.P. Access Card provider, Preferred Clubs International, provides upscale clubs with an excellent tool with which to add membership value and distinction. This program provides club members with another significant reason to join and stay with your club. For clubs with a large corporate clientele, the Preferred Clubs Program provides the "frequent traveling" member with "clubs away from home" which are of the same high quality he/she is accustomed to..... without the visitation fee! This traveling advantage has become of particular interest to corporations that subsidize and/or fully fund memberships for their employees. They realize that if their employee who must travel as part of the job does not maintain his/her regimen while traveling, the long-term fitness results, and thus the investment in employee fitness,

will be diminished. (In other words they understand the "use it or lose it" idea very well.) The no-visitation fee sets the Preferred Club Program apart from other reciprocal programs such as the IHRSA Passport Program or the 10-K Program.

The Preferred Clubs organization has added significant new financial muscle to their organization. Founders Bill Gooding and Michael Dreifus recently entered into a joint venture with LeisureCorp International, Inc. of Miami, Florida. LeisureCorp is the creator of The Leisure Society, The Country Club Without Walls and Dream Weavers, a catalogue of unique leisure opportunities and thrills of a lifetime that can be enjoyed in an hour, day, weekend or week. LeisureCorp's Chairman, Kenneth Knight, is also the General Partner of LeisureFund, Ltd., a multi-million dollar growth capital fund that currently holds positions in more than 20 different companies, 17 of which are now public companies. Ray Knight, the President of Knight International, Inc., an international consulting and marketing firm active in the resort, club and leisure industries, will assume the leadership role in the creation and implementation of the regional, national

and international expansion of Preferred Clubs. The Knight team built a quality exchange network for the worldwide timesharing industry called Interval International which grew to over 750 affiliated resorts world-wide that serviced 350,000 families. Through this organization, the Knights developed a FIVE STAR RESORT NETWORK which used a strategy of enhancing membership privileges with additional travel, cruise and other money saving benefits. In late 1992, Worldex & the Interval International network was sold to a N.Y.S.E. company for \$70,000,000 and the Knight family sold their remaining 5% interest.

Leisure Founders, Inc. and LeisureFund were created in 1992 specifically for ventures in the leisure industry. They selected an investment in Preferred Clubs because they believe in the concept and the people (Gooding and Dreifus) behind the plan.

The Preferred Clubs group includes more than 50 clubs currently and plans for expansion include the addition of 200 more clubs in 1995. If you operate an upscale, multi-purpose club and would like to learn more about Preferred Clubs International, contact Michael Dreifus at (800) 698-8887 or Ray Knight at (305) 358-4238.

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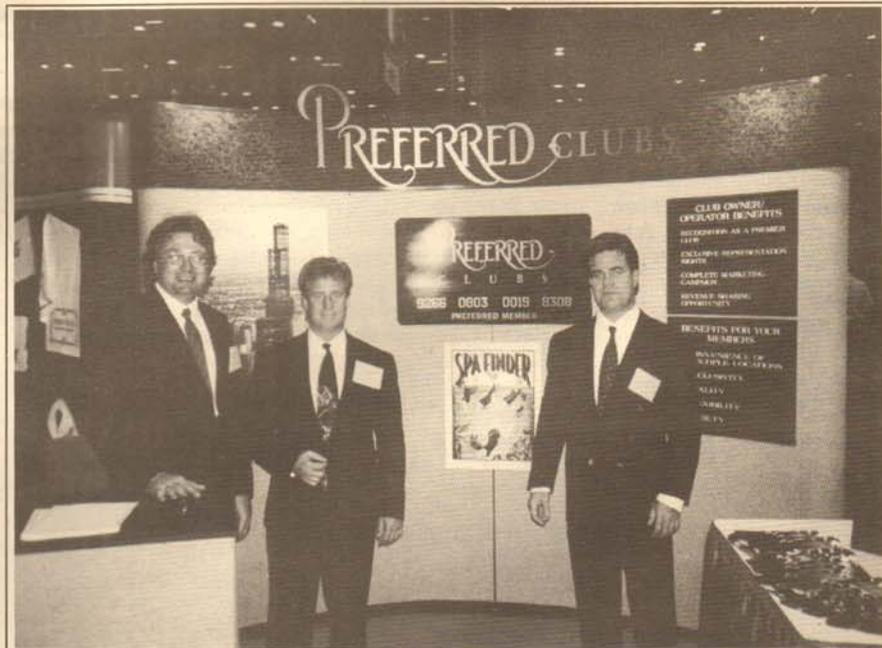
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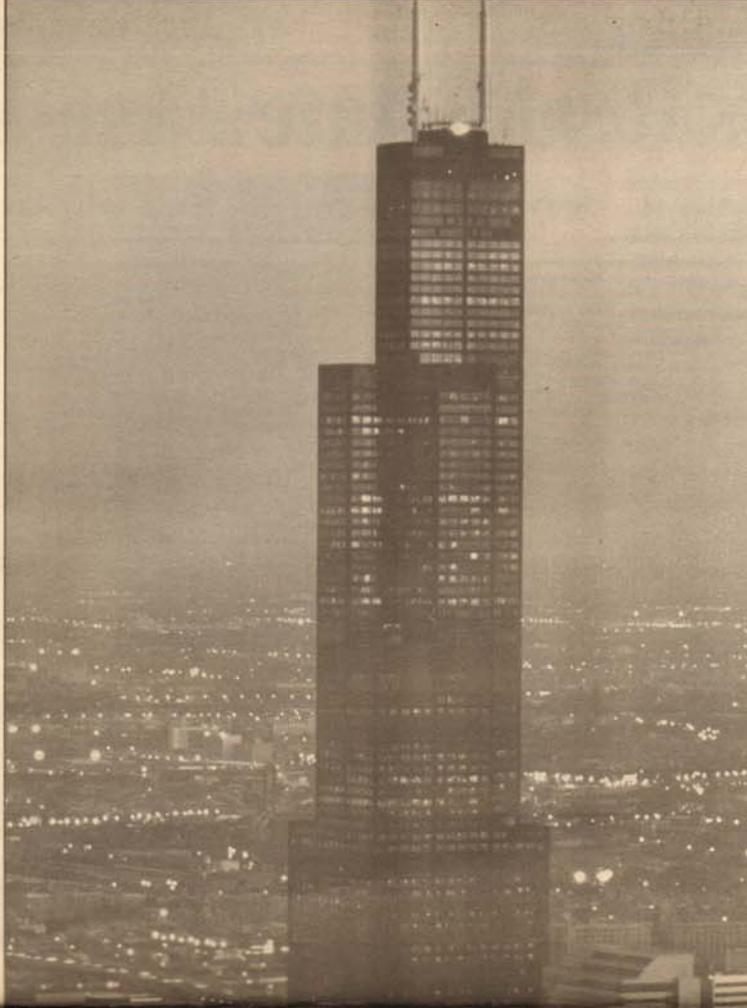
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Preferred Clubs' (left to right) Ray Knight, Michael Dreifus and Bill Gooding



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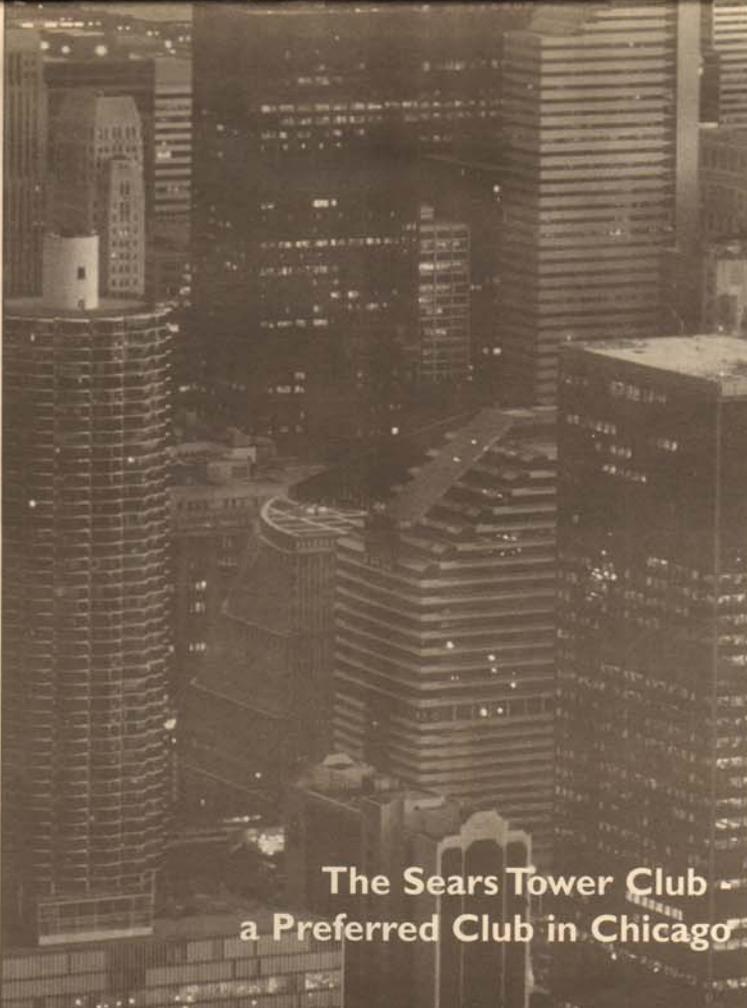
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Reducing The Club's Real Estate Taxes

By Rick Caro

PART I

Club owners and general managers do not often fight the battle of lowering the club's real estate taxes because they view themselves in the role of David against the local municipality, Goliath.

Rather, the process is more like a prepared high school debate with some rules and local politics. The key is to engage in the real estate battle. Clubs have achieved savings of \$15,000 - \$25,000. In actuality, these savings are even greater as the reduced assessment is multiplied against the prevailing tax rates each year going forward. One club, where reassessments occur once every ten years, enjoyed savings of over \$450,000 for its one-time victory.

The reality of real estate taxes is that they rarely go down on their own. Tax rates continue to rise. Assessments increase, often without explanation. As clubs expand their physical plants, there

is more property for the local municipality to tax. If the club owns the land and building along with the business, it should clearly study and contest the numbers. The owners should fight the battle and be prepared to utilize all relevant financial information to convince the local government of its arguments for a tax reduction.

If the club is an operating entity which leases the building from a separate landlord, it is technically the landlord's responsibility to protest any assessment. Since most leases require the tenant (club) to pay for all real estate taxes allocated to the space used by the club, it is in the club's best interest to fight the battle. Sometimes, the club and the landlord will band together in a joint protest; in other situations, the tenant will receive the landlord's permission to represent the combined entities and seek the tax reduction directly.

RESEARCH THE SPECIFIC FACTS

The club owner or

general manager should take the lead in the fact-gathering phase. Since there are no obvious guidelines for clubs, most municipalities leave wide openings for viable arguments. Assumptions differ widely from community to community. It is the owner's job to learn how his property is assessed. Only as a last resort should the club retain a lawyer specializing in real estate tax reductions (i.e. tax certiorari lawsuits).

All municipalities list each site by specific designations - section, block and lot numbers. The real estate bill, the deed of sale, any bank mortgage agreement or any real estate appraisal will list these identifying land locations. Make sure that there are no mistakes on these lot and block numbers.

Generally, communities will have several tax bills — school, general or county/city and even, a town or village tax. In most cases, the club is assessed at the same total dollar value for the calculation of each of these taxes. The tax rates are often de-



Rick Caro

scribed in \$1/\$100 of assessment or as a mill rate (in thousandths). The tax rolls are located in a municipality's tax assessor's office or town clerk's files. They should indicate more than just the taxable value of the property.

Sometimes, there is a calculation that says the property is worth \$500,000 but it only is given a taxable value of the

\$350,000 because of an "equalization rate" of 70%. This occurs because municipalities are prevented from assessing at 100%, or because politicians want to have the calculation for full assessment but only tax at some percentage less than that.

The town or city records may have some detailed calculation (See Caro page 17)



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Club Industry Employee Recruitment... Are There Any Rules?

By Norm Cates, Jr.

Last month we asked the following questions relating to CLUB EMPLOYEE RECRUITMENT..... ARE THERE ANY RULES? We asked for input from our readers and we consulted with two club industry recruiting and executive search specialists to compile this report. This subject has been examined per the suggestion of Curt Beusman, a veteran club owner in upstate New York. Curt had received a threatening letter from fellow club owners, Bill Austin and partners Lyle Schuler and Mary Murphy about his efforts to recruit one of their managers. Curt's letter in response to Bill and Co. appears on page #2 - The INSIDER SPEAKS page.

(1) Have you had another club owner hire one of your employees away from you?
Yes _____ No _____

(2) Have you ever hired a club employee away from another club? Yes _____ No _____
How about from another business? Yes _____ No _____

(3) In your mind, are there any rules about recruiting and hiring employees away from other clubs?

(4) Do you have employment contracts with your employees? Yes _____ No _____
If yes, please describe:

(5) Do you have any comments, suggestions or ideas about this matter?

Here are a couple of the responses to the questions that we received:

GARY KLENCHESKI, the President and CEO of Boston based Fitcorp replied as follows:

Norm, I very much enjoy The CLUB INSIDER - keep up the good work. Here are my thoughts and responses to questions 1-5:

(1) Fitcorp has had other club owners hire our employees.
(2) Fitcorp has hired employees from other clubs and businesses.

(3) My policy relating to recruiting and hiring is as follows:

Whenever possible, I like to make a courtesy call to the owner or GM of the club at which the individual is presently employed to inform them that this person is interested in seeking employment at Fitcorp. Obviously, this is not possible if the individual does not want their present employer to know that they are seeking a new job. If this is the case, I make it a point to call the former owner/GM after the individual has given their termination notice to make sure there are no ill feelings.

Since our inception in 1979, I can only recall two occasions where we contacted an individual at another club, to see if they were interested in joining our organization. In both cases, the individuals were happy with their present positions. I would have followed the aforementioned process, if the individuals were interested in joining Fitcorp.

(4) Fitcorp does not utilize employment contracts.

(5) Employee turnover is a way of life. The average business turns over 20 to 30 percent of their employees each year.

Club owners are naive to think that their employees must inform them that they are searching for a new position. Furthermore, Lincoln freed the slaves in 1860 -- we do not own our employees. We should accept employee turnover as a way of life. Personally, I take pride in knowing that I have helped an individual grow and develop. Life is too short to make enemies. Consequently, I sincerely wish all former employees much luck in their new positions. Who knows - they might return to Fitcorp in the future with more experience and new ideas. See you in San Francisco, Gary.

LINDA PEJCHAR, the President of Boston-based, H & F Solutions, a club industry employment placement firm writes:

Hi Norm. In response to your quest for opinions on recruitment, here are some thoughts. It is possible that Bill Austin and partners made more of this issue than necessary, but by the same token, it is understandable that there will be this reaction by some employers in the club business. If a poll was taken on this issue, it is most likely half would support Curt and half would support Bill.

In a recent presentation on staffing at a national conference, a multi-club president advocated shopping competitors to be the best source for personnel. Half the audience seemed appalled but half were furiously taking notes. In all other industries, recruiting from competitors is not only common, it is probably the number one way that companies hire top management. However, the club business is still relatively young, close knit, sharing. In a very competitive business world, this openness, trust and communication is unique and special. Club owners who have their employees approached and possibly recruited away can feel deceived and may feel that this environment of trust has been violated. The club business developed and progressed due in large part to its willingness, actually its persistence, to disseminate and share information. It is in everyone's interest that this environment continues. Rules or laws regarding recruitment? Let this industry regulate itself with the golden rule, trusting owners and operators to find and hire employees professionally, balancing what is best for their business, the employee, other club operators and the industry. Best regards, Linda.

JOCIL ROGUS, the President of the Great Lakes Club Management Association writes:
Dear Norm,

Curt Beusman's request for employment guidelines is long overdue. Personally, I feel too

many owners and general managers confuse what is legal with what is ethical. Just because an action is legal, one cannot presume that it is necessarily ethical. The American College Dictionary, as well as Webster's Dictionary, defines ethical as "the standards of a profession." The time has come to set the standards.

In our industry, an ideal environment would embrace total sharing, total honesty and total TRUST. To help us move toward our ideal, I propose the following guidelines:

(1) Never approach a fellow owner's (general manager's etc.) employees without first extending the courtesy of notifying that owner (general manager, etc.) of your intent. Any good employer would only want the best for his or her employees and if an employee can better himself or herself, we should help them do so, and we should be happy for them.

(2) If an employee of another club answers one of your ads (i.e. he or she initiates the contact), you are free to talk with him or her, but should let the other proprietor know you are meeting with his or her employee.

The first guideline is easy to follow. The second one, however, gets tricky when an employee from another club contacts you for employment and requests that you not notify his or her boss. This actually happened to me recently and the person's boss was a good friend of mine. To ease my conscience, while still keeping my word, I called my friend and told him that one of his employees had called me, that I would not identify the person, but that I wanted my friend to know that in no way had I contacted that person first. My friend, realizing the predicament I was in, thanked me for being as honest as I could be and respected my desire to keep my word to the employee who called. I feel the environment of trust was kept intact, as was my integrity.

I hope this letter serves as a springboard for other comments and guidelines. Perhaps our goal for 1995 should be to create the paradigm of ethics in a world where ideal moral conduct is often forgotten. Or, perhaps we never knew what it was in the first place.

Sincerely,
Jocil Rogus
President
Great Lakes Club Management Association

Cathy Fleischmann, the President of Club Resources, a Denver-based club recruiting and placement firm, commented:

"In a perfect world, the ability to call up the other owner and tell him you want to talk to his/ (See Recruitment page 13)

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THE MONSTER 1995 SUPER SHOW

By Norm Cates, Jr.

Imagine a trade show with a total of 52 acres of exhibits! That is what the Atlanta SUPER SHOW has grown to be. That is a total of 2,300,000 square feet of exhibits! Owned by Sporting Goods Manufacturers of America and produced in cooperation with the National Sporting Goods Association, the Super Show is managed by Communications and Show Management, Inc. of North Miami, Florida.

Here is a list of what the Super Show offered: 10,700+ exhibits, 3,000 companies, 800 new product companies, more than 18 sports products shows, 14 exhibit halls thousands and thousands of product demonstrations, more than 110,000 attendees (public not admitted), seminars, speakers and celebrities. This thing is so big that four full days probably would not be enough if you were trying to see everything.

But, before you pick up the phone and call for your 1996 Super Show registration, (800) 327-3736, as a club owner, you ought to know that The SUPER SHOW is not primarily about the club industry. In fact, the fitness component is located in Hall "H",

a hall that is the greatest distance from the entrance possible. Rumor had it that they placed it so far away because the fitness people were in good shape and they could deal with the long walk each day! In reality, the fitness component appeared small when compared to the IHRSA Annual Convention Trade Show or the Club Industry Trade Show.

Here is what it is like:

Nike, Reebok and LA Gear had the three biggest exhibits. LA Gear charmed the senses with its mock entrance of the Santa Monica Pier accompanied by the sounds of the ocean and sea gulls. Next to the LA Gear entrance was a huge sign which read in large bold letters: DO YOU KNOW? SEX IS GREAT DURING A 6.8? (It might be kind of tough waiting here in Georgia since we haven't had an earthquake since the 1800's.)

At the main entrance to the Fitness Show was a huge video exhibit with Gin Miller, the lady behind the step, advertising the Fitness Quest's "Flexiball."

The vendors, expressed a great deal of satisfaction with the traffic and results

exercise and sports; second, the realization that many IHRSA club owners are also managing corporate fitness centers, university facilities, hotel clubs, spas, hospital fitness centers and public facilities. In some communities, clubs are beginning to assume a role in providing community recreation services. We expect these opportunities to expand in the years ahead.

INTERPRETATION

IHRSA's mission and the underlying context in which these strategic planning discussions are taking place, is to make the greatest possible contribution to the profitability of its member clubs.

In order to fulfill this mission, IHRSA will need to position itself and its members so that the opportunities of tomorrow will be even greater than those of today. Inasmuch as those opportunities are likely

Mike Chaet's 10 Ways To Close More Sales

By Mike Chaet

1. Reduce the fear of purchase by offering a 30-day guarantee.

2. Reduce the "contract" objection by offering a "buyout" agreement.

3. Always try to raise and eliminate objections during the main part of your sales presentation. Do not wait until the end.

4. Close to the prospect's wants, needs and desires and how your club will fulfill them, rather

than strictly on the merits of the club.

5. Call people by their first name during the sales presentation.

6. When making your price presentation, reduce the options to 2, explain them and then ask which would be best for them.

7. Use articles and testimonials to eliminate objections.

8. If possible, use a member that is working out to endorse the club during the tour.

9. Don't use the word

contract. Substitute "Paperwork" or "Agreement."

10. Think about this one: A club we know refuses to take money until the person has worked out 3 times. They want to "make sure its the right club" for the prospective member. The closing rate is very high.

(Mike Chaet is the President of Club Marketing and Management Services, a Helena, Montana based club consulting firm. The 10 Ways To Close More Sales is reprinted from Chaet's 101 Powerful Secrets for Increasing Membership Sales which is available from Club House Publications (406) 449-5559.)

being obtained at the show. Moreover, they felt that the Super Show was a much greater value for them because the space cost was less and the show is presented in Atlanta, a non-union city. This issue appears to be of great importance to the vendors.

If you are a club owner and plan to attend a trade show for your overall club's purposes, I would not recommend the Super Show because the section allocated to Fitness is so small. However, if you want to buy for your pro shop and see an incredible show of apparel, footwear, etc., plus attend a lot of parties, then I would recommend the Super Show highly.

to extend into many other industry segments, IHRSA wants to position its member clubs to take advantage of these emerging opportunities.

DISCUSSION OF THE ISSUE

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

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

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

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



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Open Forum

continued from Cover Page

BACKGROUND

The IHRSA Board of Directors continually develops "rolling" three-year strategic plans. Thus, as soon as one three-year period is completed, it begins developing the plan for the following three-year period.

Last June, the Board completed IHRSA's strategic plan for the years 1995-1997. It has now begun to develop the plan for the following period: 1998-2000.

The rationale for beginning the development of the 1998-2000 plan by creating a current and projected industry segment analysis was the result of several factors: first, the realization that all segments of the industry have a shared interest in expanding the numbers of Americans involved in regular

THE HEALTH CARE CONNECTION

By Neil Sol, Ph.D.

Last month we discussed the increasing role of preventive health programs and the implementation of Managed Health Care Insurance Programs. Each month, this column, "The Health Care Connection" will be devoted to providing club professionals with a vision of the future as it relates to the synergistic role of clubs and health care.

The expanding emphasis by the health care community to not only include, but to emphasize preventive health care measures, has created an opportunity for today's

health clubs. Health clubs are the expert providers of preventive health services. And, believe it or not, relative to preventive health, health clubs and their professionals are currently as important, if not more important, to the community than traditional medical personnel and institutions.

Clubs are not only meeting a market demand in attempting to keep Americans healthy, their experienced leadership when associated with managed health care can ensure the success of these insurance plans by reducing subscriber utilization of the health care system and thereby reducing national health care costs.

But, we as club professionals already know this. We are

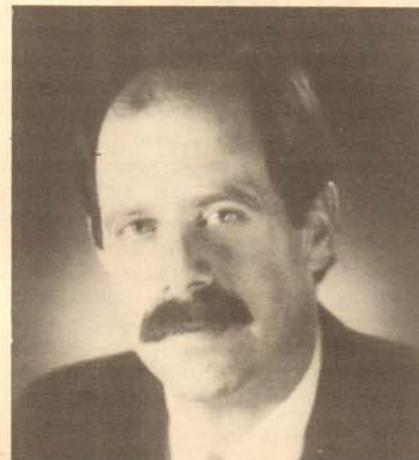
aware of our health care connection opportunity from conferences, books and journals. Even with all this information, the average club has not ventured into this expanding area even though they are aware that this is a "wave of the future." Most clubs are in a "wait and see" mode, feeling a sense of false security with their "heads in the sand."

Getting connected with health care and assuming our position in the health care continuum does not mean that as club professionals we must deviate from our business focus. Beginning this process now enables the slow metamorphosis and merger of our club business into the new health paradigm, thereby helping avoid the backwash of getting involved too late.

The business of preventive health care is expanding exponentially. Health care is a topic of current events with daily announcements of insurance companies such as Metropolitan Life, Sanus, Mutual of Omaha and organizations such as IHRSA, ACSM, AFAA, etc., all emphasizing the role of preventive health and fitness in reducing health care costs.

Some clubs have been visionaries and have already begun the process of integrating services with their community health care counterparts to meet market demand. The majority of our industry, however, still does not see. It is analogous to the American people finally realizing the importance of exercise and health in their lives, but not getting involved because they lack the knowhow; they lack leadership. That is where we as club professionals assume our role as experts and leaders in preventive health and help Americans on the path to optimal health.

But, just like the people realizing the importance of exercise, but not exercising because they lack leadership, health clubs understand that connecting to health care is important, maybe critical for future success. But, clubs are not creating relationships with health care providers because they lack



Neil Sol

the knowhow and require leadership. The CLUB INSIDER through this and other columns addressing the "Health Care Connection" will provide that leadership.

It is the hope of The CLUB INSIDER News and this writer that this column will provide you with tangible and implementable strategies and steps to help your club make the connection to health care.

This column is an effort to help clubs take that leap into the arms of a very willing and waiting partner in that of health care institutions and providers. And, to reveal that the health care connection is truly an articulation of complimentary services with the end result a healthier client/member/subscriber.

In coming issues of The CLUB INSIDER News, this column will discuss techniques, methods and strategies for clubs to connect with Health Care. The following are just a few of the topics to be explored:

- (1) Who are the appropriate decision makers in health care institutions to contact?
- (2) What is the best way to contact them?
- (3) What do they want to hear?
- (4) What specifically are their needs?
- (5) Where are those needs mutually beneficial?

(6) What type of relationships might exist?

We will discuss what the strategies that have met with success. And, we will analyze mistakes and pitfalls that have caused some relationships to fail or just not perform.

We ask that successful club professionals in our industry who have embraced our changing business and have pioneered relationships with health care providers to please contribute to this column and offer direction to our industry.

The future is bright and the message is clear. HEALTH CLUBS ARE IMPORTANT IN THE "HEALTH CARE CONNECTION."

(Editors Note: Neil Sol, Ph.D. is one of the club industry's leading experts in the field of the health care and health club connections. Neil will provide The CLUB INSIDER News readers with this monthly column as one of the many writing and speaking contributions he has made to our industry over the years. If you represent a club that has a relationship with a health care institution, managed care plan or are a hospital-affiliated facility and you have a message that will be helpful to other club professionals as it relates to the health care connection, please call Neil, at (713) 494-5550 so that we may share your contribution with everyone.)

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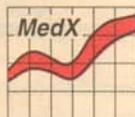
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Why Companies Lose Customers

Companies rise and fall in their customers' favor for a variety of reasons. The American Society of Quality Control reports the following study showing the relative importance of several reasons companies lose customers:

Die	1%
Moved Away	3%
Influenced by friends	5%
Lured away by the competition	9%
Dissatisfied with product	14%
TURNUED AWAY BY AN ATTITUDE OF INDIFFERENCE ON THE PART OF A COMPANY EMPLOYEE	68%

Clearly, treating customers better is the best way to retain them. The emphasis on good service has increased so much of late that the American Society of Quality Control warns: "Unless a customer is completely satisfied — to the point of being positively delighted and willing to brag about the product or service received — there exists great potential for market damage and future trouble for the company." - **THE PRYOR REPORT**

THE PROGRAM DIRECTOR

- You believe in yourself and are excited about your job.
- You sincerely enjoy helping people.
- You are flexible, tolerant, convincing and fair.
- You are high energy and enthusiastic.
- You organize your time wisely and efficiently.
- You focus your attention on selling recreational hours and enjoyment.
- You are the host or hostess of the club, being everywhere and seeing everyone.
- You give personal attention to individuals and specific groups as well.
- You are a promoter and a programmer.
- You are unselfish and have a genuine interest in people and their choice for a happier, healthier life style.
- You are the hub of the club's activity.
- You are the program director.

By Sandy Coffman, President, Programming For Profit

How To Contend With Non-Profit Competition

By Terry Duschinski

When my oldest nephew was 14 he was often asked to baby-sit his three year-old brother. A technique he perfected was to start a video game and hand one set of joysticks to his younger brother, while keeping one for himself. The only catch was that my older nephew programmed the game for just one player.

My three-year-old nephew would sit in front of the TV excitedly jostling the joysticks, delighted to see action erupting on the screen. He was unaware that his efforts produced nothing, that his brother maintained full control.

This reminds me of the YMCA Board - it is like my younger nephew, but the people who comprise this body are not toddlers, they are the upper crust of the community. But, slick handling by YMCA Directors and spoon-fed information from which to make decisions renders

Recruitment

continued from 8

her employee would be great.... but this is not a perfect world."

"Potential employee candidates must accept the responsibility to give a clear signal to anyone who is attempting to hire them, (i.e., either let them know you are interested and wish to hear from them or that you have no interest and do not wish to be contacted further.)"

"I suppose the best guideline I could suggest would be for employers to follow "the Golden Rule" in their recruiting efforts."

Cathy mentioned a situation in which two clubs in Denver were at odds about a hiring situation. So, I contacted the parties involved to hear what they had to say.

Tom Todd is a 15-year club veteran and the General Manager of the Athletic Club at Denver Place in Denver, Colorado. Tom explained that his controller, who was very valuable to the club, decided to accept a position with a local real estate firm. Tom gave consideration to who he might know in the local area who had the experience he needed to replace his controller. After evaluating the possibilities, Tom concluded that the best candidate he could think of was employed by another competing club in

them - in my estimation - patsies.

A volunteer YMCA Board is a shield. Its purpose... public image. They think they are doing something and perhaps they exercise some latitude, but high-salaried directors decide matters that go beyond the color of the carpet and whether the Rotary or the Kiwanis gets the conference room for a Tuesday luncheon.

Take pity, however, because these people do not understand. The Director flatters their socks off and may also endear himself through exhibiting his or her own commitment and hard work.

You know, maybe even the Directors don't GET IT - don't know the implications of their initiatives, the devastation of their deeds. Nevertheless, a nemesis they are.

I've been told by the postal chief and a leading church pastor in my town that they consider themselves resigned from the YMCA Board. In the case of the postal

downtown Denver. He decided to make contact with the person to determine if she might have interest in his position. However, before he made contact with the prospective new controller, he called the General Manager of the club, to request permission to talk to his controller about Tom's position. The GM did not immediately contact Tom, apparently because of the birth of a new baby. With no response, Tom again called the GM and this time left a message about why he was calling, i.e. to seek the G.M.'s permission to talk to his controller. The GM expressed appreciation for the call and acknowledged that while he was not happy about it, he could not realistically bar Tom from calling her. Tom made the contact and the employment discussions are currently ongoing.

Tom looks at it like this: "To me, a situation like this is sort of like free agency in sports..... the employee should have a right to improve her situation. She is a strong candidate and I hope to be able to make an offer that will attract her."

The CLUB INSIDER seems to have investigated an issue in which there are many opinions and policies. One point of view is that pre-contact should be made.

chief, it has been more than a year since he attended a meeting. But, the Director keeps their names listed on the Board.

Image is everything, as far as the YMCA is concerned. The volunteer Board makes it look like the community's YMCA. Involvement on the Board provides to some, it seems, a sense of community service. It appears that long-standing board members have found the YMCA to be a warm fuzzy. Don't forget that these are likely people of sterling stature within the community. Bank executives, lawyers, contractors, physicians and maybe, even some government officials, form the typical YMCA Board.

When you challenge the YMCA, you confront formidable opposition. These volunteer servants don't know they are misguided. They think what is good for the YMCA is good for America.

The real authority for the YMCA in my town rests 50 miles away in a downtown office building in another city. They siphon a percentage of the revenue generated locally and parcel some off to national headquarters in Chicago.

So much for "the

Another is that this is a free enterprise system and the hiring away of employees by other companies is a reality and fact of life. A strong case has been made by our respondents to simply employ "the Golden Rule" in these situations.

One of the questions above was: "Do you have employment contracts with your employees?"

None of our respondents said they had employment contracts, but the CLUB INSIDER is aware of at least one industry veteran who has turned to employment contracts with ALL EMPLOYEES of his club. He has taken this position after a very bad experience with a former General Manager who left and went 1/2 mile up the street to build a competing club. Since the introduction of his employment contracts, this club owner has had very good success with it and will continue to employ the club employee contract. Briefly, the contract stipulates that should his employee quit the club or be terminated by the owner/G.M., in either case, the employee agrees to refrain from working in or starting a new club within a five-mile radius of the old club for a period of two years. This owner invested in legal fees to create a properly drafted and worded employment document and it seems to work for him.

If you have an interesting experience(s) in this area that you would like to share with The CLUB INSIDER relative to this matter, please be in touch. We would like to know more about your attitudes and experiences.

community's" YMCA.

Another integral person in our YMCA's operation is named C. J. VanPelt. This woman is a lobbyist in Washington, D.C., on the payroll of the YMCA national organization, according to IHRS.

When asking for your tax-deductible donation, the YMCA isn't likely to inform you of what are either lobbying expenditures, or a war-chest for such. In 1992, our YMCA's tax return listed \$7.7 million "limit on lobbying." It listed more than one-half million as "lobbying, nontaxable" and \$134,000 "grassroots nontaxable." The four-year average lobby ceiling amount was \$804,017, with \$201,005 "grassroots ceiling."

We are not sure if this was actual money expended or as the YMCA claims, money that could have been spent if the need had been determined.

Either way, it is obvious

that a legal challenge to the YMCA's tax-free existence will meet a well-financed response.

Proceed with caution, but also have a clearly defined purpose.

We began this series four months ago by asking: "Do you know what livid feels like..... that overwhelming mixture of disgust, frustration and anger? If you are engaged or expecting to engage in competition with non-profit organizations, get used to feeling beside yourself with rage.

That is still the best advice we can give you.

(Terry Duschinski is a professional personal trainer in the Deland, Florida area. Terry has also published a Personal Trainer Manual entitled: "How To Make MUSCULAR PROFITS in Personal Fitness Training." Be sure to check out his ad on page # in this issue.)

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Reebok & Skywalker Team Up

By Norm Cates, Jr.

Reebok continues a pattern it started about six years ago when it became involved with one of the hottest new products in the history of the fitness industry..... the STEP. Now, Reebok is teaming up with the new and innovative SKYWALKER which has been developed by Sport Specific Interna-

tional, a Canadian Company which is traded on the Alberta stock exchange.

According to Lee Guthrie, the President and CEO of Skywalker, the new deal will accelerate the sales effort to clubs, while at the same time, it will roll out the new Skywalker to the world residential market. Currently, according to Guthrie, Skywalker will deliver 9,000 commercial units to clubs during its first year of operation. Many of these orders were

placed in 1994, with 2300 orders at the CLUB INDUSTRY Show in Chicago kicking off the program with a bang! No unit has yet been delivered.

Guthrie indicated that the new residential version of Skywalker will be unveiled at the NSGA (National Sporting Goods Association) in Chicago this summer. The residential unit will retail for \$1,295 and Guthrie projects 15,000 to 20,000 Skywalker residential units will be sold per year when the Reebok deal is in full swing. Reebok will bring to the table 67,000 retail outlets around the world. The commercial version sells for \$3,200 if you purchase 5 or more units in one order.

Reebok is a major player in both the club and retail world and their exhibit at the SUPER SHOW in Atlanta this month shows it. The exhibit could not be described in terms of "booth spaces", but instead, in terms of acres and was installed for the four day SUPER SHOW a cost of \$3 million.

Guthrie also gave the CLUB INSIDER a "secret pre-



Skywalker

view" of the next "new product" that SSI will bring to the market. Suffice it to say, this new product will bring a new "interactive entertainment technology" to the world market. As usual, Lee

Guthrie had a huge smile on his face as he explained the concept and application of this new and upcoming technology. Stay tuned to The CLUB INSIDER for more on SSI's progress.

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The Club Industry In The Year 2000

By Cecil Spearman

I believe by the year 2000, HEALTH CLUBS will become a significant part of the health care industry. I believe this transition will happen by virtue of hospitals opening their own clubs. Small hospitals might develop a relationship or a joint venture with existing clubs, but in most cases, I predict that hospitals will open their own clubs.

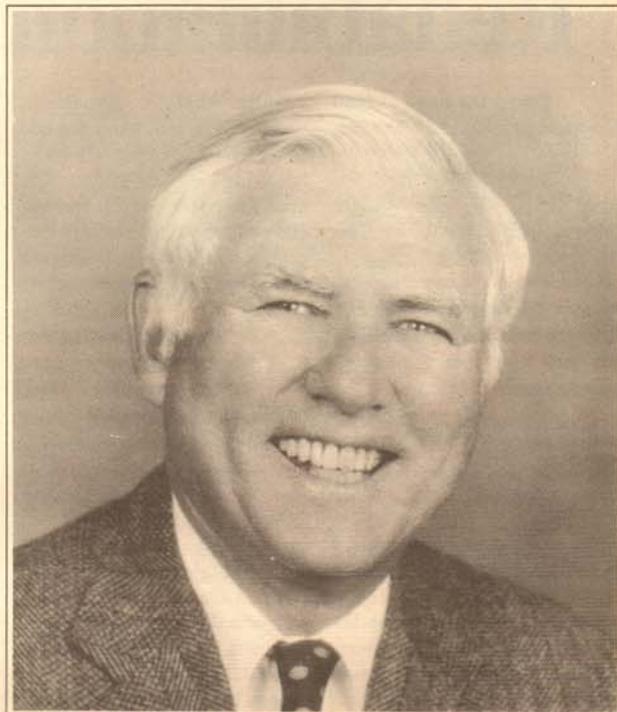
A logical question to ask is why? Why would a hospital decide to open its own club? The answer is very basic - a hospital can make a lot of money by owning a club if they have someone to manage the club that knows the club business. Managed care has cut revenue going to hospitals and in some instances, the new health club can allow the hospital to stay in business. The days of cost plus reimbursement for medicare patients are over. The days of insurance companies accepting any

charge a hospital wants to make for its services are over. The loss of the ability to pass on price increases for health care services forces the hospital and the medical staff to look for new sources of revenue. All of the published reports about the benefits of regular exercise have not gone unnoticed by hospitals. If moderate regular exercise can increase the life expectancy and also increase the quality of life, then a health care provider like a hospital will get involved in offering this health benefit to people as a hospital function.

There are several major success stories beginning to circulate among hospital administrators. Moore Regional Hospital in Pinehurst, North Carolina, is doing very well with their new club. Cape Coral Hospital is planning a second health club as a result of the great success of their first club, the Centre Club. Condell Memorial Hospital in Libertyville, Illinois, had a waiting list before it ever opened and the same management group has recently opened a

showcase club in Lake Forest, Illinois. The new club is enjoying the same success as the Center Club in Libertyville. A very interesting fact about the membership in clubs owned by hospitals is the average age of the members. The people joining a hospital-owned club are much older than the average age of a private health club. There is also a very high percentage of the new members in a hospital club that have never been a member of a health club before joining the hospital owned club.

Why would a hospital attract an older membership and why would people join a club owned by a hospital who had never joined a regular club? The answer is the medical staff of a hospital. When a hospital owns a health club, the medical staff becomes a "sales staff" by recommending the club owned by the hospital to their patients. As doctors become more and more convinced about the benefits of regular exercise, they will likely encourage more and more of



Cecil Spearman

their patients to engage in regular exercise. If a hospital where the doctor has staff privileges also owns (See 2000 page 19)

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Pioneering Center To Provide Rehabilitation After Breast Surgery

Citing the need to lend emotional, physical and rehabilitative support to women who have undergone breast cancer treatment, Lynne Brick, RN, and Michael Coleman, PT, have founded the Breast Wellness Center.

Two of the centers are located in Baltimore area Lynne Brick's Women's Health and Fitness Centers and a third is located at Coleman Rehabilitation.

"The idea of assisting breast cancer patients both prior to and following their surgeries and treatment is a natural fit for our centers," Brick says, "since we are always working to help women attain their personal peak fitness goals."

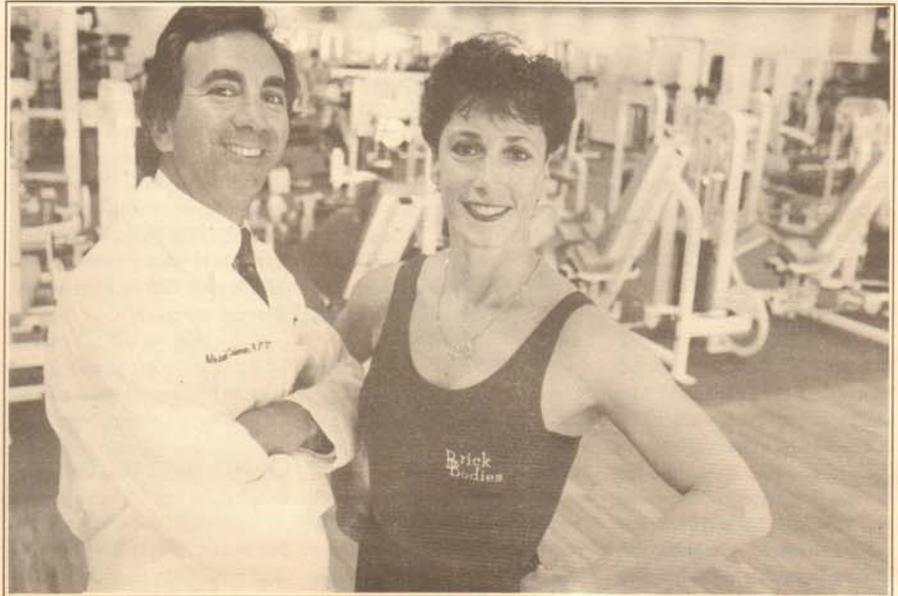
"Our fitness staff has been trained to work with the special needs that breast cancer survivors may have to assist them in regaining their fitness levels," she adds. Once regaining stamina, they can work on their own personal fitness plans to become even more energetic and fit than they were prior to diagnosis.

As President of the Oncology Section of the American

Physical Therapy Association, Coleman has seen many patients suffer the debilitating effects of cancer and its treatments. "Our goal is to reach a patient both pre and post-surgically to set up a program of physical rehabilitation and later fitness for the greatest quality of life."

"Frequently women who have undergone mastectomies face such problems as: posture deficits, limited functional mobility, fatigue and lymphedema," says Coleman. "Physical therapy and a regular fitness program alleviate many of these as well as assist the patient in coping with the side effects of treatment and stress. The Breast Wellness Center will also address problems the mastectomy patient faces due to drastically shortened hospital stays. They will educate patients on exactly what to expect before and after surgery, connect women with support groups within their community and as needed, act as a liaison with physicians.

Most insurance companies will cover the cost of physical therapy and rehabilitation benefits.



Michael Coleman, PT and Lynne Brick

"However," Coleman says, "we will deal with any insurance barriers to see that all women can receive the quality care at our center. No one will be turned away due to insurance restrictions."

"There is no reason for women to accept limited lifestyles following mastectomy," Brick asserts, "No matter what their age, they are viable members of society with goals and

dreams just like the rest of us." The Breast Wellness Center hopes to help women make those hopes and dreams come true.

\$\$\$\$\$\$\$ BIG MONEY! \$\$\$\$\$\$\$

Here is one quick report and two press releases about significant financial deals in the CLUB INDUSTRY in the recent past:

24 HOUR NAUTILUS

Mark Mastrov says he has raised \$34 million for a national level expansion of his northern California-based 30+ location 24 Hour Nautilus chain. Mastrov indicated to *THE CLUB INSIDER* that he intends to expand by acquiring small chains of 4-5 or more locations with clubs of 20,000 square feet or more. The funds were raised by the firm of McCown and DeLeuw.

SPORT AND HEALTH COMPANY

MAJOR REFINANCING OF CLUBS ENSURES GROWTH

On October 18, 1994

the Sport and Health Company, L.C. of McLean, Virginia announced the completion of a financial recapitalization involving more than \$35 million of debt and equity. According to management, in addition to reorganizing its financial structure, this transaction will enable the company to resume its growth and expansion in the metropolitan Washington, D.C. area. In addition, the company has earmarked a substantial sum towards the renovation and enlargement of its existing facilities.

Sport and Health owns or operates 15 full-service clubs in the Washington area. The company was founded in 1973 and is the largest club operation in its market area. Revenues in 1994 are reported to be almost \$25 million with more than 22,000 dues paying memberships. As part of its growth strategy, Sport and Health is evaluating approximately four to six new locations for opening in 1995, in order to take advantage of improving opportunities in the

club industry.

The company's investment bankers, Johan Hekelarr, Inc. of Chevy Chase, Maryland and Libra Investments, Inc. of New York, believe the recent transaction constitutes one of the largest financings of a private company in the commercial athletic club industry.

SPORTS CLUB COMPANY PUBLIC OFFERING

Original founders of The Sports Club Company, Chairman Michael Talla and Executive-Vice President Nanette Pattee Francini have resumed ownership and operation of The Sports Club/LA and The Sports Club/Irvine, as part of an initial public offering consisting of 4.65 million shares of common stock. The stock was issued at \$9 per share. The offering, underwritten by NatWest Securities and Oppenheimer & Company, is the

first of its kind by a company solely involved in the development, acquisition and operation of upscale sports and fitness clubs.

The Sports Club Company currently owns and operates 13 clubs throughout southern California, including two Sports Clubs, six Spectrum Clubs and five Sports Connections. Additional clubs are under construction in Northridge, Glendale and Las Vegas.

The Company also plans to expand outside California and is currently building a sister club to The Sports Club/LA and The Sports Club/Irvine — the \$55 million, 140,000 square-foot Reebok Sports Club/NY in Manhattan. Developed in partnership with Reebok International, Ltd., the super club is scheduled to open in February, 1995, at the corner of 67th and Columbus Avenue in the new Lincoln Square development adjacent to Lincoln Center.

As the masterminds of the \$30 million Sports Club/LA and the \$35 million Sports Club/Irvine, Talla and Pattee Francini are credited with revolutionizing the health club industry with the introduction of their urban country club concept.

The pair will once again redefine industry standards with the creation of Reebok Sports Club/NY, which will feature over 40 different fitness and recreational options, including a 4,000 square-foot sports simulation center, the latest state-of-the-art equipment and extensive amenities.

"The public offering allows us to develop and acquire additional clubs in the future and to expand the urban country club concept and philosophy we created with The Sports Club/LA and The Sports Club/Irvine, which are the cornerstones of our company," states Michael Talla.

Caro

continued from page 6

tions on file, but often the assumptions are not there. There may be a breakout between land and building. There may be a notation of the number of square feet of building they are using. Often, the land records may only indicate the square footage of the ground floor of the building and exclude other floors.

If the club sits on more than one lot, it may be that the building is one lot and the vacant land is only improved for a gravel parking lot. The values should be different on each. Whatever the taxable values on the assessor's records are, the prevailing tax rate will be multiplied by them on the tax bill. Since the tax rate is enacted by the local municipalities each year and can never be challenged once approved, the only argument lies with appropriateness of the taxable value.

KEY GOALS

There are some basic goals to utilize once the assumptions of the local municipality are understood. Often, towns do not assess personal property. Thus, the owner should try to classify as much of the property into personal property (i.e. tangible property, which is not affixed to the structure of the shell of the building) as possible. Often aerobic and gymnasium floors, modular panel/steel stud racquetball and squash courts are personal property and exempt, but plaster courts are considered real property and taxable. Air-supported structures (bubbles) and lockers are personal property, but saunas and whirlpools are likely to be classified as real. Generally, the category on the club's balance sheet called "Furniture, Fixtures and Equipment" or "Machinery and Equipment" can be presented as personal and not realty. In some local communities, personal property is also taxed and at the same rates as real property. The only benefit to claiming it as personal property is the opportunity to depreciate it much faster.

Another goal would be to classify more of the assets of the club as building than land. Again, the building can be depreciated and land can't be. In fact, local assessors have a better sense of appreciating the value of land and often much beyond what was paid originally for the property.

In addition, it is most de-

sirable to seek a reassessment (i.e. a permanent reduction in taxable value) than an exemption (i.e., a partial abatement for a period of time). Obviously, an exemption is better than no decrease. The exemption may be sought based on the local community's encouragement for new construction, rehabilitation of an old or historic building, construction in a renovated area previously rundown, or for a series of other criteria. It may be 20-year exemption with a reducing offset each year (100% of partial exemption for year one, 95% of exemption total for year two, etc.)

THE ASSESSMENT ANALYSIS

At this fact-gathering meeting, no attempt at arguing the case should be made. In fact, pleading ignorance is often helpful. The assessor or his staff may begin questioning the basis for the calculation along with the club owner if his ignorance posture seems sincere. Sometimes, sending in the general manager to do the investigation is preferable, since it allows the owner to come in later and argue the merits of the assessment.

The assessor should be asked how the office arrived at the building figure. The answer may be that they used generic construction manuals. For example, if the building housed ten racquetball courts and each one was worth \$35,000 according to the manual, the assessor would place a value of \$350,000 on that part of the building. Assessors might go through and cite each component with its designated cost. Or, they might take a local building cost-per square foot number and apply it to the total square footage (e.g. \$62 per square foot X 32,300 square feet). In some cases, they will count the perimeter of the building as the total square footage. In other situations, they will add in the area of mezzanine or second floors for the total area.

It is important to understand some basics:

- How the depreciation methods work
- How personal property is treated for tax purposes
- How the details of

their cost estimates were calculated

- How to question the total
- What additional materials the assessors want if they are to review the assessment

This may include club financial statements, an M.A.I. appraisal, depreciation schedules, leases with the club's landlord, comparable sales information and IHRSA industry data. A challenge can only be successfully introduced if the owner has more specific information than currently exists in the assessor's files.

Depending on the strategy, a visit by the assessor to the club may be useful. If the club has a restaurant, an invitation for lunch or drinks may encourage a visit to the site.

You now have adequate information to begin the process of preparing to meet and deal with a Board of Review and the key next steps. Next month, we will cover in Part II: Handling Review Boards, Techniques and Arguments, Reducing the Assessment and Reasons for Reductions.

(Rick Caro is President of Management Vision, Inc., a consulting company to clubs and an acknowledged expert in club finances, operations, valuations, feasibility studies and club sales. Management Vision, Inc. can be contacted at (800) 778-4411. Rick Caro was featured in the January, 1995 edition of The CLUB INSIDER.)

IHRSA SAN FRANCISCO EXHIBITORS

Company	Exhibit Space #	Company	Exhibit Space#
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Cardio Theater Corporation - #718		Med X Corp. - #644	
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Western Association of Clubs Sign Health Care Agreement With Health South

Denver, Colorado - The Western Association of Clubs (WAC) has signed an agreement with HealthSouth to become their preferred provider of post rehabilitative Fitness Therapy and Wellness programs. HealthSouth is the largest provider of rehabilitative services in the United States. They currently

operate over 375 facilities in 35 states, including 14 in Colorado and 10 in the Denver Metro area. HealthSouth joins a list of other organizations, Rocky Mountain HMO, Pepsi-Cola, HealthOne, Western Health Benefits and Van Gilder Insurance to name a few, which have selected WAC as

their preferred provider for preventative health care programs for their employees and patients.

HealthSouth will be utilizing two programs, The Corporate Fitness Program (CFP) and the Colorado Fitness Therapy Network (CFTN), specifically designed and offered by a select group of WAC

clubs for preventative health care activities. These Networks provide ongoing health and exercise programs designed to promote a positive lifestyle change in individuals, employees and patients in order to lower health care costs.

WAC is a Denver-based trade Association representing Quality

Athletic, Health and Fitness Clubs in a nine-state region. Members of the Association consider it their mission to enhance the quality of life through physical fitness and sports activities. To join the Western Association of Clubs, contact Executive Director, Patrick Pine at (303) 399-7687.

Norms Notes

continued from page 3

Sales Makers ad on page #12 of this issue or drop by at Booth # 1044 at the IHRSA San Francisco Trade Show.

RED LERILLE'S HEALTH AND RACQUET CLUB is alive and well down in Lafayette, Louisiana. Recently, Red and his lovely wife, Emma, hosted a Faust #1 Executive Roundtable and all were treated to some true Southern Hospitality. In addition to 1.5 days of "club talk," Red entertained the group by arranging for a guided tour of the Body Master factory in nearby Rayne, Louisiana, the "Frog" capital of the world. I was in "Frog Heaven!" Then, he gave us a tour of his magnificently well maintained and operated, 32 year old club. In case you missed the CLUB INSIDER Case Study on Red's, you ought to know that this place seems to be only three or four years old because of the great upkeep and he provides service to over 2,000 regular club users per day! After the tours and meetings, Red and Emma treated all to some fantastic home cooked Mexican food on Friday night and on Saturday night, we "sucked heads and ate tail" (Cajun Crawfish) at Don's Seafood Hut. Perhaps, the most illuminating part of this great three day visit was when Red took us all out to the Lafayette Airport to see what I have dubbed as: "Red's Lafayette Air Force." Red's mint conditioned collection of antique airplanes which date back 50 years or more. Red's primary hobby besides working out is restoring these vintage airplanes. His Lafayette Air Force is worth in the neighborhood of \$1.4 million if he were to sell them which he has no plans to do. And, he has a collector's edition Lamborghini. Red and his wife have four or five Harley Davidson Motorcycles which are also in mint condition. What a guy, what a club, what a family!

BALLY UPDATE: Two former BALLY employees in Milwaukee have sued Bally for wrongful termination and a host of other charges. I had been trying to contact the two employees to hear their side of the story. When I finally made contact, I was then referred to their attorney. After calling him for several days, on the morning of the deadline for this issue, he faxed to me 43 pages of legal documents relative to the case. I simply could not read and digest and then write the report in time for this issue. But, we will fill you in next month. Also, next month, I will be providing an update on the various other legal entanglements that Bally's has been engaged in dealing with as well as an update on their progress with the ACE Certification and their new sales training program. Harold Morgan invited me to attend their re-training meeting for long-time Bally employees on February 18th in Chicago..... what do you think, should I go up there and check out what they are doing more closely?

KEVIN FORWARD of Club Marketing Resources International has completed the sale of his interest in Gold's Gym Fitness, Aerobic and Racquet Complex in Ft. Myers, Florida. He and partner, Coastal Funding Corporation of Mystic, Connecticut purchased the former Fort Myers Athletic Club from Fortune Savings Bank in 1991. They then installed \$500,000 in renovations, reducing the racquetball courts from 12 to 2. The facility won the honor of being named the best overall health club in Southwest Florida in 1993. Keven is now partners with Geoff Hampton as a club consultant and can be reached at (914) 234-4030.

IHRSA LISTING FOR SAN FRANCISCO - If you are attending the IHRSA Convention and Trade Show in San Fran-

cisco, make plans to visit the exhibits our fine advertisers. To help you identify them, I've published a convenient list for you - suitable for clipping. Check out page#17.

DONALD DeMARS, of California-based Donald DeMars, International is a 20 year veteran architect and space planner. He recently told me about a project in Mexico City that he is involved with and you can see the "before" photo in Donald's ad on page #14 this month, The project is a renovation of a Deportes Marti, a former huge sporting goods store, to be called SPORTS CITY. Donald explains that the newly remodeled 70,000 square-foot facility will have plenty of traffic exposure as 800,000 cars per day pass by on the expressway..... by the way, Mexico City has a population of 18,000,000! Next month, Donald's ad will feature the "after" photo of this great renovation project.

SPORTSLIFE in Atlanta continues to roll along. This month they opened what should be the 1st of a chain of six or seven Atlanta-based LADY SPORTSLIFE CLUBS. In the near future, they will break ground on a new free-standing 55,000 square-foot club next door to Towne Center Mall in the Atlanta suburb of Kennesaw. This new unit will replace the 20,000 square foot club that they have operated for years in a shopping center near the new site. In case you haven't checked out their deal for the new VIE Magazine for clubs, call (404) 984-0031.

JIM SMITH is the President and Founder of PEAK PERFORMANCE, a highly successful newsletter which focuses primarily on marketing and sales. Jim, a former club owner and operator, is also a speaker of note and at the San Francisco IHRSA Convention, he will present a seminar entitled: "TURNING YOUR SALES STAFF INTO SALES STARS.... Training That

Works." In addition to the newsletter, PEAK PERFORMANCE, Jim provides the club industry with GUIDELINES TO RECOMMENDED SUPPLIERS, a guide for buyers of equipment and other products. Jim is preparing to change the format of PEAK PERFORMANCE after 11 excellent years. The editorial strategy will also be changed. He is a shining example of a great club industry entrepreneur and he has the ear and respect of the industry and as a subscriber, I wish him well. To order PEAK PERFORMANCE, call: (206) 451-8337.

SOUTHEASTERN REGIONAL..... after we conducted a meeting to evaluate the interest in the development of a Southeastern Regional Club Association at the IHRSA Sales Conference in Orlando, I had promised a letter with information about the next step. I want you to know that this new Association is going to happen, but I need to spend some time on the phone before we proceed. If you did not attend, but would like to become involved in

the new club Association, call (800)700-2120 and let's talk. Leave a message-if I'm not in. We project that the new Southeastern Club Association will involve clubs from Georgia, Florida, Alabama, Mississippi, South Carolina, North Carolina, Tennessee and Kentucky.

NEW PRODUCTS..... a couple of new products that you might want to check out that were at the SUPER SHOW: Cybex's new AB TRAINER, an abdominal exercise device that has revolutionized the ab workout..... only \$179 and available now. You can reach Cybex for information at (800) 645-5392. The other is the HEAVY ROPE Crosstrainer, a new total body conditioning jump rope that is not just weighted, but it is elastic as well and could easily be used instead of the rubber bands for aerobic classes. Excellent prices for clubs too. Call the Athletic Advantage in Grand Rapids, Michigan at (800) 635-5867 and tell Pattijean that Norm gave you the phone number. I hope to see some of ya'll in San Francisco!

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Insurer And Health Clubs Form Partnership

By D. J. Burrough

An ounce of prevention is worth a pound of cure.

That adage is the philosophy behind a partnership between a local health insurer and a consortium of Valley (Phoenix, Arizona area) health and fitness clubs.

MetraHealth, a Valley-managed health care company has teamed with the Fitness Network of Arizona, an organization of four local health clubs, to provide reduced cost health club memberships to participants.

MetraHealth is the new company name as a result of the merger of the group health business of Metropolitan Life Insurance and Travelers Insurance.

"A lot of people talk about wellness programs, but it is very difficult to implement," says Kathleen Garast, a regional operations director for MetraHealth. "Our goal is to reduce the barriers to exercise, to incorporate exercise into their daily activity—not as punishment, but as part of a comprehensive medical program."

At the start of the year, MetraHealth began offering subsidized health club memberships to its nearly 30,000 participants in the Valley. For a \$10 monthly payment, members can join any of four health clubs in the network.

It is the first time in the Valley that a health insurer has subsidized to this level a health club

membership for its participants, Garast says.

The idea behind the program is to reduce the barriers most people have to joining a fitness club and exercising, she says.

"This is aimed at people who normally don't show up in thong exercise suits, the people who don't have those wonderful hard bodies," she says. "There are not many people who can't benefit from exercise."

An exercise program improves the overall health of the participants, she says, thereby reducing costs to the health insurers and employers.

"Prevention and wellness are a proven method of cost containment," says Ernie Zaik, president of Western Reserve Club and director of the Fitness Network of Arizona.

"The whole point is to keep members healthy and well through prevention," he says.

"Companies that institute an exercise wellness program report that their health care related costs are reduced by as much as 50 percent," he says. "A wellness program that improves the health of the employees also impacts on production, absenteeism and employee turnover", he says. "Absenteeism has been shown to be lowered by 30 percent and turnover up to 25 percent", he says. "It saves everybody down the road," Zaik says.

"American corporations now spend less than one-tenth of 1 percent on wellness programs," ac-

ording to Zaik. "That number is increasing as corporations begin to understand the part exercise and diet can play in the health of their employees," he says.

"While other insurers have offered reduced memberships to their participants before, this is the first time an insurer has subsidized as much of the health club membership," he says. "That number is increasing as corporations begin to understand the part exercise and diet can play in the health of their employees," he says.

The health clubs that make up the Fitness Network of Arizona are: La Camarilla in Scottsdale; Metro Sports and Health in north Phoenix; Renaissance Athletic Club in downtown Phoenix and Western Reserve Club in Tempe, Arizona.

The common elements of all of the clubs in the network are that they are family-oriented, meet the standards of the International Health, Racquet and Sports Club Association and offer an extensive array of wellness programs.

"Each participant who signs up for a health club membership will receive a health risk assessment and fitness assessment prior to joining the club, Garast says. The pre-membership examination allows the insurer, the participating company and the member's doctor to measure and evaluate the benefit of the exercise program," she says.



Ernie Zaik

"The examination also can identify trouble areas - such as high blood pressure and cardiovascular problems - for members so that the wellness programs can be tailored to address those problems," she says.

"The wellness programs offered by the health clubs, such as weight management, stress management, tobacco cessation and cardiac rehabilitation, also will be available to Metra Health participants," she says. "The insurer will encourage doctors in the program to prescribe the wellness programs as part of an overall health program," she says. "The cost of the wellness programs also

will be covered by MetraHealth if prescribed by a physician."

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For more information, contact Ernie Zaik, Director of Fitness Network of Arizona, 2140 E. Broadway Road, Tempe, Arizona 85282, (602)968-0487.

...2000

continued from page 15

a health club, the doctor will clearly recommend the hospital-owned club.

I do not feel a recreation driven club with tennis, racquetball, pool, jacuzzi and a major social program in addition to the health club will be affected by a hospital-owned club. I do however, feel a fitness only club like many of the original "health clubs" will be seriously hurt by a hospital-owned club. The health club might be able to attract the young people interested in a low price and willing to put up with crowded conditions. I suspect it will be hard to deliver a respectable profit in a club catering to the young with very low dues.

Many people in our indus-

try have mentioned to me that the "Y" and the park district offer the most competition to health clubs operating on a profit basis. I believe the real threat to any health club without a "niche" will be hospital-owned clubs. The real success will depend on the way hospitals take advantage of the opportunity available to them. In the final analysis, it is the way you run a health club that makes a difference. Any great opportunity can be ruined by poor management. If the hospital takes the right path, they will dominate the health club industry by the turn of the century. The multi-sport clubs with a recreation orientation, in addition to a workout program, can compete with anyone, but I really believe the hospitals will dominate the fitness/health club portion of our club industry once they become involved in running health clubs as part of

the hospital operations.

The question we should answer is "do we want these hospital-owned clubs in our trade Association - IHRSA?" This question will be important as more hospitals open quality health club facilities as part of the hospital's operations. The answer to this question could have a major impact on our Association. While this subject will bring out lots of emotions on both sides, I feel it is important for the IHRSA Board of Directors to conduct a careful study of this issue to try to reach a decision that will benefit the membership of the Association.

There is no doubt in my mind that hospitals will be a major player in health clubs in the near future. The question is - how will that affect current clubs?

(EDITOR'S NOTE: Cecil Spearman is the Chairman of Spearman Industries, Inc., a Laguna Niguel, California based company which owns and operates six clubs in Southern California, Arizona and Illinois. Cecil served as the President of IRSA in 1991/92 and now serves on the IHRSA Advisory Council. Cecil

is a former Marine Corp Officer (Semper Parvum), an active Duke University Alumnus, has served as Chairman of two different Presbyterian Church Associations and was the President of two different Little League Baseball Associations. In short, Cecil Spearman is one great American! Thanks for the article Cecil.)

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

or FAX: (404) 933-9698

Health Rider

continued from cover

Covert Bailey, HealthRider enjoys a level of credibility other manufacturers can only envy. Covert believes in HealthRider because "it works"!

Recognizing the need for a commercial-grade product, HealthRider is currently finalizing development on three "PRO" models. The PRO 1000 model, currently displayed on page# 23 of this issue, is the entry level professional model and sells for \$995, a great price point. The CLUB PRO 2000 model features adjustable hydraulic resistance and a futuristic composite body assembly, selling for \$1495. The

top of the line PRO ELITE 3000, will boast a fitness test, programmable interval routines and heart-rate-controlled technology and will sell for an introductory price of \$2195. (Interested in details? Call the commercial division of HealthRider on 1-800-807-3793 to obtain brochures and information.)

HEALTHRIDER PRO and the **CLUB INSIDER** are pleased to announce a cooperative venture featuring the "HEALTHRIDER FITNESS PRO OF THE MONTH!"

CLUB INSIDER will publish a monthly feature article highlighting the career of a fitness professional who has done great things. The focus will be to share with our readers the thinking, drive and motivations

of some of our industry's greatest achievers.

Jim Gibbons, the Commercial Marketing Director at HealthRider spearheading the development and marketing of the PRO model explains:

"HealthRider welcomes the opportunity to recognize those dedicated fitness industry professionals who have made significant contributions to the club business. At HealthRider we respect and admire those leaders who blaze new trails. Our philosophy of innovative quality extends to a belief that we all need to stand on each others' shoulders and continue to learn and grow from our combined experiences."

At the upcoming IHRSA show in San Francisco, the first ever production versions of both

HealthRider Pro 1000 model and the CLUB PRO 2000 model will be on display for all to see. According to Gibbons, over 3000 interested industry prospects have inquired since advertising began in December of 1994." Sales look bright for the Commercial Division", Gibbons adds. "We believe that with HealthRider we have much more than the stairclimber of the 90's — we have a whole new concept in exercise which fits the needs of everyBODY" states Jim. In addition, he says: "ZERO learning curve, ZERO impact, indestructible construction and CARDIOFUN all combine to provide a great toning and stretching aerobic workout. And, with the addition of hydraulics even the serious fitness enthusiast will be aerobically challenged by the new

CLUB PRO 2000 and ELITE PRO 3000 models.

From the **CLUB INSIDER's** perspective, this new feature sets the stage for significant penetration into the hearts and minds of club owners in 1995. Our goal is to let you know how the industry is doing, who is doing it and what is being done. If all goes well in '95, **CLUB INSIDER** will be in the hands of 25,000 fitness pros each month. With increased circulation, **CLUB INSIDER** will be able to move into the next century with sustained vigor and commitment. However, as during its first 14 months of publication, the readers and supporters of **The CLUB INSIDER** are the ones who must first be pleased, and that is always on the top of our mind.

CLUB INSIDER ANNOUNCES MAJOR CIRCULATION GROWTH PLAN FOR 1995!

After 14 months of publishing **The CLUB INSIDER News**, the **CLUB INSIDER** is moving to another level.

The **CLUB INSIDER** announces a plan today to expand the circulation to 10,000 locations by June, 1995 and to 25,000 by the end of 1995.

By expanding circulation to such numbers, it will be able to serve the industry more fully by reaching out and getting more news and ideas that will help the readers. Additionally, **The CLUB INSIDER** will be solidifying an already strong niche that it has developed in the industry as the only club industry publication which delves into the truly controversial issues of the industry and

reports on them in a timely manner.

To facilitate this rapid expansion, **The CLUB INSIDER** subscription pricing has been modified as follows to encourage more readership both among staff at single clubs and multiple locations of multi-club groups.

Q. What does this mean to our existing subscribers?

A. It means that if a subscriber renews or recently renewed his/her subscription, 9 more subscriptions for staff and friends will be made available at no extra charge. To add your selected new subscribers to our circulation list, simply send the names, addresses and telephone numbers to: **The CLUB INSIDER**, P. O. Box 671443, Marietta, GA

30067. If you have not renewed or if this is a new subscription, send a check payable to **CLUB INSIDER** for the applicable rates shown above. The new subscribers pursuant to this plan will have the same expiration date as the first subscriber.

The CLUB INSIDER thanks you for your support and participation!

NEW CLUB INSIDER NEWS SUBSCRIPTION RATES EFFECTIVE WITH THIS ISSUE!

- \$99 per year for 1 thru 10 subscriptions
- \$149 per year for 11 thru 20 subscriptions
- \$199 per year for 21 or more subscriptions

MAKE IT FUN!

AMERICA'S MOST POPULAR FITNESS MACHINE HAS TURNED PRO.



Introducing the new HealthRiderPRO® 1000

The success and popularity of your facility can be tied to the machines you choose, so why not add one of the country's most popular fitness machines to your cardio area?

Introducing the HealthRiderPRO® 1000. The PRO 1000 is the first in a series of heavy-duty commercial models based on the uniquely innovative HealthRider®, the most popular home fitness machine ever built. Put that popularity to use in your facility, and watch your members gravitate to the HealthRiderPRO®.

Beyond its popularity, the simple design of the HealthRiderPRO® makes it

virtually indestructible, keeping maintenance low. Plus, by adding HealthRiderPRO® to your club, you are investing in a strong, customer-oriented company which backs its products with the best warranty and service in the industry.

Call us today at 1-800-807-3793.


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Get ready for the
 ClubPRO 2000 and
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 featuring hydraulic resistance!



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