

Norm Cates'

# THE Club Insider<sup>®</sup>

## NEWS

The Pulse of the Health, Racquet & Sports Club Business

# 2 YEARS!

By Norm Cates, Jr.

The time has flown by! When we published our 12-page inaugural edition in December, 1993, we told our readers: "Norm Cates' CLUB INSIDER News was launched this month to provide a new and unbiased view of the happenings in the club industry. The CLUB INSIDER News promises to be an objective - "TELL IT LIKE IT IS" monthly publication which has as its target audience the owners, general managers and department heads of for-profit commercial

clubs and corporate fitness centers world-wide. It will be presented in an easy-to-read format."

To date, we have successfully lived up to that promise to our readers. We now serve over 12,500 readers in the U.S., Canada, Europe and Japan!

During our first two years of publication, The CLUB INSIDER News has reported the news and happenings of the club industry in a true "Tell It Like It Is" fashion, even when it hurts.

For example reluctantly, The CLUB INSIDER News was forced to step forward to help the IHRSA Members who were in opposition to the name change to

EXERCERE. The IRSA Board of Directors had voted to change the name and had then embarked on a one-sided and biased promotional campaign to "sell" the IRSA Members on the idea. Even after five letters to the IRSA Membership and an article published in CBI Magazine, the vote in favor of the change to EXERCERE was only 60% in favor. By coincidence, The CLUB INSIDER News had begun publishing the month after the new name change had been "rail-roaded" through by the IRSA Management and Board of Directors. The EXERCERE train was derailed when IRSA members in droves sent faxes to The CLUB INSIDER. These faxes were copies of their letters of protest to the Board of Directors and the Executive Director of

IRSA which were being totally ignored. Curiously, during the campaign conducted by the Board and Management of IRSA, Not one word was mentioned in their letters or the CBI article expressing the disagreement and opposition to the EXERCERE move by those writers. When this situation became evident, I, as a new Publisher and Editor of this publication, was faced with a dilemma. That was to "Tell It Like It Is" relative to this name change fiasco and to let the chips fall where they may. I did. The chips fell. Pursuant to a recommendation made by The CLUB INSIDER, the IRSA Board of Directors agreed to hold off final ratification of the name change until after the first-ever IRSA Open Forum Meeting was held at

the IRSA National Convention in Reno, Nevada in March, 1994. At that first Open Forum, over 40 dedicated IRSA Members stood and spoke eloquently about their opposition to the new name. During that meeting, only two or three stood and spoke in favor of the name EXERCERE. In June, 1994, the Board of Directors voted to rescind their former split vote in favor of changing the name to EXERCERE. Later, the Board recommended to the IRSA Membership that the name be changed to add the word HEALTH to IRSA, making the proposed new name International Health, Racquet and Sportsclub Association. This decision was approved by a whopping 90% of the voting membership, signaling a true consensus of the IHRSA Membership. (See 2 Years page 2)

# Ben Midgley... Sales Champion!

By Norm Cates, Jr.

Ben Midgley won IHRSA's (International Health, Racquet and Sportsclub Association) Award of the top Membership Sales Person in the worldwide association. He received the Award in Atlanta on December 9th at IHRSA's 10th Annual Sales, Marketing and Programming Convention.

Ben Midgley is the Fitness

Director and Corporate Membership Director for the Saco Sport and Fitness Club, located in Saco, Maine. Saco is a coastal town which, during the off-season, has a population of 12,000. The Saco Sport and Fitness Club serves a surrounding community population of approximately 40,000.

The Saco Sport and Fitness Club, which is now owned and operated by Scott Gillespie and his partner Jeff Sherman, was burned to the ground on the evening of January 17, 1994. Fire

officials and police are absolutely certain that the fire, which totally destroyed the club, was deliberately set. The police have several leads about who set the fire. However, no charges have been filed yet, as authorities are carefully investigating and building their case before making the arrests. They want to be absolutely certain of obtaining a conviction of the arsonists. Scott Gillespie and his former partner have been cleared by the authorities of any suspicion relative to the arson. The Saco Sport and Fitness Club re-opened for business on February 18, 1995, amazingly just over one year since the fire. (See "SACO SPORT & FITNESS: BACK FROM THE ASHES" on page #12 of this edition.

Ben Midgley remained loyal to Saco Sport and Fitness (See Midgley page 26)



Ben Midgley & Wife Suzanne

### • Inside The Insider •

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- Exercise As Empowerment
- Club Commandos: Personal Training
- Saco Sports & Fitness: Back From The Ashes!
- The Math Of Building Your Tennis Market

# THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

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By Norm Cates, Jr.

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## ...2 Years

*continued from cover*

ship worthy of a matter of this importance to this great association.

### BALLYCHALLENGES

During our first two

years, we have reported the truth about the various legal entanglements which the Bally Health Club chain has found itself in. The CLUB INSIDER News even wrote a letter to Bally Chairman, Arthur Goldberg, in which we suggested that Bally needed to clean up its act significantly before proceeding with a proposed new "franchise" program. Shortly thereafter,

Goldberg announced that he was going to "spin-off" the health club division from the Bally parent company. He cited the fact that "confusion" amongst the investor market was depressing the value of the parent company stock. Since that time, Bally, under the direction and leadership of former NFL football star, Mike Lucci, has embarked upon a mission to in fact, "clean up its act" by installing and implementing a new \$700,000 sales training course which is being given to all Bally membership sales people. And, Bally has aligned with ACE, the American Council On Exercise, to certify all of the Bally trainers. Additionally, Lucci has combined all of the various "Bally names" into one brand: BALLY TOTAL FITNESS. It is the opinion of this writer that Bally Total Fitness and Lucci are on the right path.... a path that should help the entire industry if it is successful in keeping them from breaking the laws of various states and staying out of court and the newspapers.

years of publication, we have done more than report and comment on the latest club industry news. We have published many industry specific articles relating to bottom-line-issues. Those great articles have been written by and contributed to The CLUB INSIDER News by many "contributing" writers who have made this publication so interesting and valuable to club owners and managers. A list of these contributing writers appears above.

Last, since June, 1994, The CLUB INSIDER News has been supported principally by our advertisers. In June, 1995, we increased the circulation of The CLUB INSIDER from 1,100 per month to over 12,500 locations each month, beginning with our January, 1996 edition. The plan is to again expand circulation, this time from 12,500 to 25,000 locations each month. Both of these major expansions have been made possible by our advertisers who have sponsored our "Nationwide Subscription." These "Charter Advertisers" are also shown above. We urge each of our readers to refer to The CLUB INSIDER advertisers and contact them for infor-

mation on their products and services. They are providing a tremendous service to the health, racquet and sportsclub industry by sponsoring the monthly "Nationwide Subscription" and we sincerely thank them for their support.

In closing, let me just say that it has been interesting and fun to produce this newspaper for you each month. I would like to thank all of our "Paid" subscribers. I want to say a very sincere "Thanks" to Ms. Cathy Brown and Mr. Ron Hudspeth, publishers of Atlanta's HUDSPETH REPORT (The Pulse of Atlanta). "Thanks" to the great people at Walton Press in Monroe, Georgia our printers. I want to thank my Dad and his wife, Louise, for their tremendous support. And, last, very special thanks to Rick Caro, Dr. Gerry Faust and all of the members of the Faust Executive Roundtable #1 for their guidance, support and help.

Without the entire team above, The CLUB INSIDER News would not be embarking on its 3rd Year of publication! We look forward to the future and we are proud of the past. The health, racquet and sportsclub industry is on a roll and we are glad to be along for the ride!

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# •NORM'S NOTES•

**IHRSA** - The International Health, Racquet and Sports Club Association held its 10th Annual Sales, Marketing and Programming Convention and Trade Show in conjunction with Athletic Business in Atlanta, December 6-9th, and a great convention it was! In case your club is not a member of IHRSA, you are missing out on the single best learning and sharing organization in the world. The efforts of IHRSA have helped advance the professionalism of the health and fitness club industry further in its 15 years of existence than all of the activities in the past 50 or so years that health clubs have existed. Make plans to join IHRSA by calling (800) 228-4772 and don't miss IHRSA's 15 Annual Convention and Trade Show scheduled for March 20 -23rd in scenic San Diego, California! If you missed the recent convention and even if you are not a member of IHRSA, the audio tapes are available for purchase by calling InfoMedix (714) 530-3454.

**JACK GROPPLE**, Ph.D. and Executive Vice President of LGE Sport Science, Inc. gave a tremendous keynote presentation at the IHRSA/AB Convention entitled: "Toughness Training For Business Success."

**PETER VIDMAR** - Olympic Gold Medal Winner and USA Gymnastics Team Captain on the first U.S. Gymnastics Team to win a Gold Medal in the combined team event since 1904, gave a stirring presentation entitled: Risk, Originality & Virtuosity: Scoring "The Perfect 10" at the IHRSA/AB Convention. Vidmar mixed his presentation with a number of moves on the pommel horse, an event in which he won the Gold Medal in 1984. He also displayed a truly excellent sense of humor to the audience during the convention ending presentation. He was greeted and rightfully so, with a standing ovation from the group. Peter Vidmar is a shining example of what is great about sports and competition and I would like to quote him here. In his closing comments to the group, he contrasted his frequent other speaking engagements to computer people

and others by complimenting the IHRSA/AB gathering by saying: "Look at all the positive things that you do!" And, Peter, thanks for what you have done to represent our country in the Olympics and around the world!

**JOHN RUDE** informs me that the dates published in his ad last month promoting his "MIND, BODY, SPIRIT: TAPPING THE POTENTIAL OF THE 50+ MARKET" have been changed. The new dates are: March 8,9, 10th, 1996. Check out his ad on page #23.

**DEAN WALLACE**, the General Manager of the four COURTHOUSE Athletic Clubs in Salem, Oregon has chosen Ms. **Laurie Alstrom** as the new Aerobics Director for their clubs. She will oversee the instructor staff of 50 and schedule of more than 200 classes per week. Laurie is moving from the **FITNESS CONNECTION CLUB** in Vero Beach, Fla.

**CHUCK MINER**, for 17 years the owner of the COURTHOUSE Athletic Clubs in Jackson, Mississippi, informs me he has sold his interest in the clubs to investors and has been retained as the Manager of the two clubs on a five-year management contract. The group will open a 3rd location this summer.

**CECIL SPEARMAN'S** - Laguna Niguel Racquet Club has recently won the Championship of the OPEN Division of Private Clubs in Southern California, defeating the powerful Jack Kramer Club in the finals.

**LAURY HAMMEL** of the Longfellow Clubs in New England, may have discovered the answer to the time constraints of big conventions..... he spent most of his time at the trade show and traveling from meeting to meeting on **ROLLERBLADES!**

**WILLIE BANKS** is that great Olympic athlete who held for years the World Record in the Triple Jump. I had the pleasure of hearing Willie speak at my son's school PTA Meeting last month. During the IHRSA Convention, I had the

pleasure of meeting him in person. He was accompanied by Ms. **REBECCA ELZEY**, the Olympic Village Recreation Coordinator for the 1996 Olympics in Atlanta and **TONY deLEEDE**, the head of Atlanta's Australian Body Works. Just minutes before we met, Banks, Elzey and deLeede had signed the final documents securing the deal on a 6,000 square-foot fitness center deLeede will install in the Olympic Village. The facility will be called: **The Cardio Theater Olympic Health Club**. It will serve the athletes and coaches and other occupants of the Olympic Village here in Atlanta next summer during the Olympics. Months ago, other publications had reported this as a "done deal", but deLeede continued to ask me to hold off on the announcement until it was indeed done! Now it is. Congratulations Tony..... nice way to cap off a 50% growth year in 1995! Willie Banks commented, "We are happy to be able to have an Olympic Club. The key will be to allow all of the athletes to conveniently obtain a cardio workout. The club will be placed in the International Zone in the main recreation center."

**MARY BETH PROVOST**, the daughter of **GREENVILLE HEALTH AND RACQUET CLUB** owner and former IHRSA Board Member, **BOB PROVOST**, informs me that they have had some good news and some bad news in their market. The GOOD news is that the hospital that has a competitive club across town and had planned to build a new fitness facility near their club has put those plans aside for now. The BAD news is the **BMW Corporation** is preparing to build a reportedly \$2 million fitness facility for its workers which will also be open to the public. Stay tuned.

**JIM FLANAGAN**, the GM of **MED X Corporation** brought **BO DIDLEY** to town to entertain the IHRSA/AB Convention delegates and entertain he did. Bo's group had the estimated 1,000 people rocking with a sound that is a cool cross between Reggae Music and the Blues.



*Norm Cates, Jr.*

**ARTHUR JONES' MED X Corporation** has been a terrific supporter of IHRSA since it was started and continued with that support with several other events at the IHRSA/AB Convention and Trade Show.

**CYBEX** continues on its path of change. **RAY ELLIOTT**, the President and Chief Executive Officer of **LUMEX, Inc.**, has announced in a letter dated December 7, 1995, that: "Today, we have announced a corporate restructuring. The central element of the program are a refocusing of corporate operations solely on the Cybex Division and the planned sale of the corporation's other primary division, Lumex. These initiatives reflect our confidence in the exciting growth potential of the market for fitness and rehabilitation equipment, both in the U.S. and internationally." He outlines a "sharpened focus" on the institutional markets, enhancements to our manufacturing and management information process, a realigning of our sales force to better meet your needs, and a strong emphasis on industry training and education."

IHRSA, in an effort to help club industry manufacturers and vendors, has announced exciting & "money-saving" news for the San Diego Convention in the form of reduced drayage. They have also

taken a good step toward "consolidation" of the over-supplied trade show market with an agreement between IHRSA and Gold's Gym Enterprises that will bring the Gold's Gym Convention to the site of the 1996 IHRSA and the IHRSA/AB Trade Shows. By reducing the number of trade shows that the vendors must attend to stay in competition, there should be some savings for the vendors which can be used for other purposes by the suppliers. This is a good step for the future!

**IHRSA AWARDS** in addition to the top salesperson award received by Ben Midgley were: The Corporate Wellness Program of the Year received by **MARCI CROZIER** on behalf of the **OMNI 41 SPORTS & FITNESS** in Scheverville, Indiana, the Corporate Advertising Award presented to **THE DECATHLON CLUB**, Santa Clara, California (operated by The Western Athletic clubs) and the Best Print Ad presented to **THE SPORTING CLUB** at Lakeshore Towers, Irvine, California (operated by Leisure Sports, Inc.) **CONGRATULATIONS** to all of the Award Winners!

**CHARLIE LINDSEY**, the President of American Club Systems, informs us that they (See *Norm's Notes* page 10)

# MICROFIT'S HEALTHCARE CONNECTION NEW RULES

By Neil Sol, Ph.D.

Club owners/managers continue to express concern about establishing relationships with entities that speak for large volumes of potential club members/customers, such as MCO's, corporations and hospitals, because they realize that these entities will be expecting a preferred pricing (discount) for memberships and/or preventive health services. Club owner/managers believe that establishing a relationship with these groups will result in a loss of

potential revenue because they will have to reduce their fees to secure this business. And, clubs have a false impression that if they avoid these relationships that they will succeed at selling the same number of people at full rates/fees.

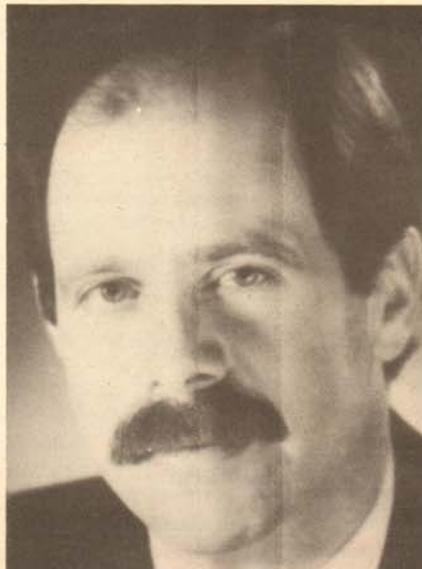
I guess if your club has a waiting list for membership and services that this impression would be true. But, most clubs, to my knowledge, do not enjoy the luxury of a waiting list. As a result, clubs have to approach health care and corporate relationships with positive and accepting attitudes, as it is a fore-

cast of how clubs will most likely have to do business in the future.

I would like to share an example of how the medical community has changed regarding the purchase of medical services and how this is a suggestion of what may be in store for the club industry.

When a major health care insurance company approaches a hospital or other health care provider to be included in this network, the insurance company negotiates prices for services to be provided to their subscribers by the health care provider.

In one specific situation, an insurance company approached a hospital negotiating for a day rate for when their companies subscribers use the hospital. The average charge per day for this hospital was \$1,000/day, with a cost to the hospital of \$800/day. The insurance company offered \$600/day, which was \$200 less than the hospital's cost to provide a room per day. The insurance companies' position was that they represented thousands of health care users and for the hospital to be listed as a provider to these subscri-



Neil Sol, Ph. D.

ers the hospital would have to accept the offer of \$600.

The hospital, feeling caught between a "rock and hard place", had to accept the offer. In accepting the offer, the hospital had to attempt to reduce the cost of a day.

Insurance companies negotiate from strength with the clout of representing the purchasing power of thousands of their clients. The hospital was at a disadvantage, but had to do business this way.

I relate this story because it will become a scenario that we in the club industry will have to

face. A representative of a large number of purchasers (MCO, Corps) will approach a club and attempt to negotiate a preferred rate for memberships and other club services, for a club to be included in the network of Preventive Health Providers. If a club chooses not to offer the preferred rate, the club will not be included in the network and a large number of subscribers/employees will be directed to other club providers. As a result, we will watch our market universe dwindle. This has become a frightening situation for both hospital and club alike; however, it is NOW the real world. Clubs, like hospitals, can learn rules and play in the

game or slowly go out of business.

We must remember that our business is evolving to be the preventive health care providers of the health care continuum and as we assume this role as health care providers, we will be treated as such by insurance companies and large corporations and businesses.

(Neil Sol, Ph.D. is the President of Health Vantage, Inc., a Houston, Texas - based club consulting firm. Neil is one of the industry's leading experts in the field of health care as it relates to clubs. Neil can be reached at: (713) 344-9909.)

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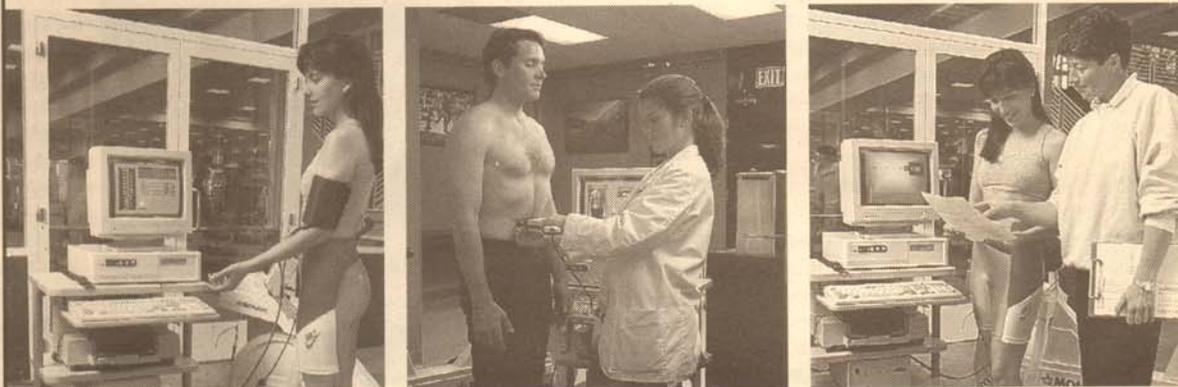
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# A CLUB'S SITE SELECTION: THE PIVOTAL STEP

By Rick Caro

(Note: This article has been reprinted from the January, 1994 CLUB INSIDER News.)

What is the club industry?

Some outsiders describe it as a capital-intensive business while others refer to it as a service business or a retail-oriented, day-to-day business open 365 days a year. A few outsiders see it as an illiquid venture while some see it as a tickle, faddish, dynamic and unpredictable industry. However,

the consensus of most outsiders is that it is a real estate business. It is very difficult to value the real estate component separately from the business portion of a club, as the unpredictability factor of the business hurts the valuation of both the business and the land/building.

## LOCATION IS KING

The real estate component of the club business is the single biggest determinant of club success, and it is the location of the club that is king! So far, it is not apparent that any club owner has ever airlifted his multi-sport

club from an inferior site location to a more suitable one.

The club industry is a market-driven business with the number of members being served as the most significant indicator of a club's acceptability and perhaps, profitability. If the market is fundamentally insufficient, no extra amount of service, equipment or facilities can overcome the poor locational handicap. If a club is not located near its targeted local population, then no marketing or discounted pricing can create an appropriate bottom line. The need for an independent market feasibility analysis is therefore critical.

Even if a full analysis was not done prior to the clubs creation, many owners are now seeking these market analyses as they encounter one or more of the following situations: - opportunity for a major expansion - chance to develop a satellite facility nearby - major change in local demographics and type of members - arrival of a new competitor - need to create a long-range plan

## 3 ELEMENTS OF A CLUB LOCATION

A club needs a location which allows it to achieve all of its potential benefit without any accompanying detriments. The ideal location should have the following three basic elements (in addition to expansion potential):

- Accessibility
- Parking Adequacy
- Visibility

Accessibility is obvious. If the local resident lives nearby (as the crow flies) but can not reach the club site because of the lack of direct roadways and the need to use a circuitous route comprised of back roads --then, the site is imperfect. In fact, the site may be so defective because of the lack of a major artery that it may have to define its "real market" as too minimal in size to be sufficient to support a club.

The definition of a market according to consumers has



Rick Caro

goes through its growth cycle or offers new services and facilities. If there is inclement weather or the need to drop off children, parking issues become exacerbated. Also, parking at night must be deemed as safe for all members and staff. Finally, valet parking systems and even shuttle bus systems to off-site locations are generally unsatisfactory solutions.

Visibility is the least critical of the three, but most desirable. Although the buying decision of a new member is less impulsive than in the past, there is value to the visibility factor. It may lead to a visit to at least

take a tour of the club or accept the free use of a guest visit pass. It may serve as a constant reminder to a potential buying decision as a prospect drives right by the club. Often, a prospect is reinforced by seeing a busy facility. Walk-in traffic still counts for a large portion of a club's prospect base.

If there were no visibility, then signage from major arteries to the specific site and actual entrance becomes critical. If there is no visibility and an inability to gain legal permission for direct signage, then the marketing efforts must also have the responsibility of educating the prospect of the club's location as well as its benefits.

Some clubs have enjoyed great success because of their proximity to major arteries. In a few cases, State Transportation Departments have changed those arteries or exit points and truly damaged clubs' markets and their bottom lines directly. Access is truly important.

Parking may often define a club's capacity quicker and more specifically than any local zoning or planning board. If members or prospects have to drive around and around a club's parking lot without finding a legal space, they may not even give the club a second chance. Even off-site parking on the street may not save the day. And we have club members who complain when they do find parking if it is not right in front of the club and they have to walk around the outside perimeter of the club's building.

Parking must be adequate both for a club's needs today as well as its future needs. Often, simple compliance with the local zoning requirements may be insufficient for what the club truly needs as it reconfigures its club,

today, the methodology has been refined and become more precise. The demographic information is still the basic data needed. But, it is now collected based on drive-times from the site of the club (or proposed clubs). In

(See Caro page 20)

## SITE SELECTION METHODOLOGY

Years ago club developers and owners would use population statistics as wide as the entire county and its metropolitan sampling area (MSA). Some appraisers and advisers back in the 1970's and early 1980's would refer to population information by towns or zip codes. Others would be influenced by statistics involving car traffic numbers (or foot traffic in major urban area).

Today, the methodology has been refined and become more precise. The demographic information is still the basic data needed. But, it is now collected based on drive-times from the site of the club (or proposed clubs). In

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# PR 101 - PR Pro's Recommended Reading

By Michael Hoffman

Fewer than 10% of all clubs budget for consistent PR campaigns. In previous PR 101 columns in *The CLUB INSIDER* News, we've explained the reasons why this lack of club PR funding exists. Even though we've explained the reasons, that doesn't change the fact that many of you will still prioritize advertising over hiring a PR manager, agency or consultant. There is, however, another way to slide in the PR Back Door - and that is to educate yourselves by reading PR texts.

The following book and newsletter descriptions cover the very best publications about public relations. They're from the biography for Heart Communications' new American Council on Exercise Specialty Recognition Provider Course - PR 101 - Media Skills Every Club Needs. Corpo-

rate PR managers around the country, from companies as big as General Motors and as small as a single retail store, depend on the information in these books to keep their PR costs down and results high. For just a few dollars, you can own all these books and boast a top-notch PR library.

**GUERRILLA PR:** How you can wage an effective publicity campaign without going broke. Michael Levine - Harper Business Publications, 1993.

Levine runs one of Hollywood's hottest celebrity publicity agencies. His writing style is casual and humorous, and his advice reflects common sense with a complete list of techniques for newspaper, radio and TV publicity. The single best book for club PR people to read.

**MARKETING PR - The Hows of Why It Works,** Rene A. Henry, Jr. Iowa State University Press, 1995.

Henry's book explains a whole new kind of PR, which blends classic marketing skills with traditional PR techniques. There's a big emphasis on special events, cause-related marketing and community affairs. Henry's writing style is more formal than Levine's, but this book contains more total ideas for action and deals with media less, promotions more.

**PROFESSIONAL'S GUIDE TO PUBLIC RELATIONS SERVICES,** Sixth Edition, Robert Weiner, American Management Association, 1988.

Here's the ultimate book on using outside services like video news release and taped radio show producers. When you have a one-person PR operation, you need to use outside vendors to produce your materials. Every conceivable PR service is listed



Michael Hoffman

here. A must book for your library.

**EFFECTIVE PUBLIC RELATIONS,** Scott Cutlip and Allen Center, Prentice Hall, Inc.

EPR is the classic college PR textbook. Scott Cutlip has become America's No. 1 PR educator and recently received the Public Relations Society of America's

Silver Anvil Award for lifetime achievement. This book is heavier on theory and the history of PR in American business than it is on technique. But, once you read it, you'll understand how important PR is to serious businesses' long-term competitive edge.

**WRITING FOR THE MEDIA - Public Relations and The Press,** Sandra Pesmen, Crain Books.

Absolutely the best book ever published about how to write news releases, media alerts, public service announcements and feature articles. It contains samples of each and practice exercises to develop your writing skills. Buying and studying this book is a lot more economical than hiring someone else to write your media materials.

**PR NEWS -** the international weekly for Public Relations, (See Hoffman page 20)

F860



Shoulder Press

- 180 degree pivoting seat allows rack to be in front or behind body while using adjustable back pad for proper alignment of various body widths.
- Adjustable seat for perfect use of various racking points. Optional plate holders. (not shown)

F172



Incline Bench

- 30 degree angle for maximum peck isolation without deltoid involvement
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Decline Bench

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- Multi sized two pieced pad for better body support. Optional plate holders. (not shown)

# CLUB INSIDER'S Personal Training Column: Club Commandos

By Ed Gaut

Yesterday I received a letter from my long distance telephone company. They had analyzed my calling pattern and were writing to tell me that by changing my calling plan, I could save money. The purpose of telling me this was not to cheat themselves out of my money, but rather to develop a relationship with me. As you have probably noticed, lots of companies who used to concern themselves almost exclusively with finding more customers and selling more products and services are starting to spend time listening to the specific needs of individual customers.

That is the key to relationship marketing: building a relationship with a customer by customiz-



Ed Gaut

ing products and services to meet his or her specific needs. It is premised on the fact that it is almost always easier to sell something

else to an existing customer than it is to find a new customer. In an increasingly competitive marketplace, more and more companies have realized this and have started taking better care of their existing customers.

This logic applies as much to gyms and health clubs as it does to any other type of business. Think about the amount of time and energy required to attract a new member. Now think about all the members who did not renew their memberships simply because no one gave them a good reason to do so.

In spite of this, however, many fitness facilities that spend a lot of time and effort attracting new members, spend relatively little time and effort keeping existing members. Perhaps this is because new fitness facility managers understand the real key to member retention. Retention is not just a matter of providing the best equipment, the latest fitness classes or free towels. These are important. The real key to retention is building relationships with your members.

A friend of mine recently moved from one town to another. He still frequents the barber, tailor and many of the other shops in his old town, despite the fact that they are now a forty-five minute drive away. It is not that there are no good barbers or tailors in his new town. The reason is relationships. He has developed relationships with the businesses and the businessmen and women in his old hometown. These relationships are important enough to him that he is willing to travel some distance and spend the extra time and effort to maintain them.

All of us have had experiences similar to that of my friend; at one time or another, we all have gone out of our way to patronize a business because we had a good feeling about the people who worked there. We all know the power of relationship marketing. The trick to member retention in your gym or health club is to develop relationships with your members just like the relationship my friend has with his barber. That way, when it comes time for renewal, your members will have a reason to stay with your club in spite of the megachain down the street offering \$7 per month memberships.

If the key to member retention is building relationships

with your members, the key to building relationships is your front-line staff, your personal trainers and aerobic instructors. These are the people who are in contact with your members everyday. They are the human face of your club. You may have thought that the primary purpose of your personal trainers was to instruct members in correct exercise form or to prevent injuries. Or you may have thought their primary purpose was to bring in additional income for the club. These are important aspects of their job. But from the point of view of attracting and retaining members, the primary purpose of your personal training staff should be to develop relationships with your members.

Making sure that your personal trainers build relationships with your members starts with the hiring process. When evaluating potential trainers, spend as much time looking at their interpersonal skills as you do at their fitness credentials. How does the trainer interact with other people? What is the reaction of people who come in contact with the trainer? Does the trainer listen to members and genuinely care about their needs? Do you feel comfortable with the trainer? If you feel uncomfortable with the trainer during the interview, chances are your members will feel uncomfortable with your trainer as well. You can teach a trainer how to spot an exercise for a member, but you cannot teach a trainer how to be warm and friendly.

Once you have hired a top-notch training staff, be sure to empower them to solve problems and meet the needs of your members. If you have ever called a customer support number only to be told by the operator that he or she is not allowed to do what you need done and therefore cannot help you, you know how frustrating it is to deal with powerless customer support staff. Set limits on what your personal training staff can and cannot do, by all means. But, at the same time, be sure to give them enough flexibility and authority so that if a member has a problem - be it a last minute schedule change or a request for some fitness advice - your training staff has the time and the power to respond quickly to your member's request.

Empowering your personal trainers is not enough, however. You also need to motivate them to build relationships with your members. To do this, do not

reward trainers for the number of training sessions they do a week. Instead, reward them for the number of times a member trains with them. For example, give each trainer a bonus after a member has been training with the trainer for a certain number of sessions or certain number of months. Also, consider starting a Trainer-of-the-Month program to reward trainers who go above and beyond the call of duty in serving members. By rewarding trainers for building relationships with your members, you make it clear to your trainers that this is their goal while providing them with real incentives for reaching that goal.

Finally, listen to your trainers. They are your eyes and ears on the floor; use them as such. Encourage them to come to you with problems and suggestions. If members are unhappy about something, your trainers hear it first. Whether it is a strange smell in the men's locker room or a bad aerobics class, your trainers can alert you to a potential problem before it becomes a crisis. The last thing you want is a problem which is turning away members but which you know nothing about. Listening to your trainers and encouraging them to tell you what is going on can prevent this from happening.

Your personal training staff are your commandos, an elite corps of men and women who you send into your club everyday to protect and serve your members. Used correctly, they can literally improve the experience of everyone who walks into your facility, building relationships with your members and giving your club the edge that keeps your members coming back and keeps you ahead of the competition. Next Month: CASH COW or MONEY PIT.

*(This is the first of our series of columns on PERSONAL TRAINING which are being published courtesy of Willow Creek Publications. Ed Gaut, the author, is a nationally-known personal trainer and fitness author. He is also Vice-President of Willow Creek Publications, maker of Personal Trainer Business Manager for Windows and Fitness Class Scheduler for Windows, software for managing personal trainers and serobics instructors in fitness facilities. Be sure to see the Willow Creek Publication on page #11 of this edition.)*



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# EXERCISE AS EMPOWERMENT

By Julie Main

As club operators, we know that our potential members as well as our actual members have a multitude of reasons why they exercise. We have studied and read numerous motivational techniques to keep participants on their regime so that we can maintain our membership counts.

But at Santa Barbara Athletic Club we have found a program that keeps people coming back because it has provided them with something incredibly strong; empowerment. It has shown to be a true example of the mind/body connection.

The Wellness Program at Santa Barbara Athletic Club treats cancer patients in the area. We provide an exercise program for any and all cancer patients which is funded by The Cancer Foundation of Santa Barbara. The patients par-

ticipate in a 10-week session that encompasses cardiovascular exercise, resistance weight training, yoga, nutrition, and stretching. Some of the sessions are one-on-one work and some are in a class setting. The group consists of 8-10 patients in all phases of treatment: surgery, radiation, and chemotherapy. The instructors work with both the patients and their doctors in designing a workout routine that is best for each individual.

The most incredible side effect of the program is the fact that almost 100% of the participants have stated that the exercise program has made the greatest impact in their personal recovery. If you ask them why, the answers are all the same. They have all regained or improved their muscular strength, cardiovascular capability and flexibility. But the greatest impact the program has had on their life has been the power it has given them emotionally. This empowerment has

helped them to go on with their lives with a new outlook. No longer are they individuals at the mercy of their disease, no longer are they patients whose treatment is defined by the standards of medicine, no longer are they victims of machines and medicines that strongly affect their bodies. Now they are taking control of their own lives and doing something to improve that quality of life that we all seek out. Each skill the participants learn is a new step on the road to recovery. Be it learning a routine in step class or adding 10 pounds on their resistance machines, we teach them that with exercise they are capable of taking over this little part of their life. They learn that these little triumphs all add up to the whole.

Granted, the staff here are dealing with people that have nowhere to go but up. After a minimal amount of exercise they



Julie Main

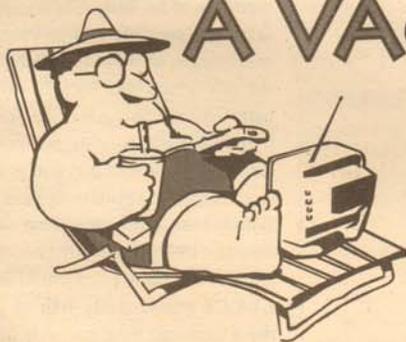
can feel their strength and endurance improving. But most importantly, they feel that they are controlling something positive, and this leads them to an attitude where they want their whole life to be positive. They look upon exercise as a gift from the staff here. The responses have been phenomenal. A current participant stated, "Be-

cause of the program, I was able to regain my strength and flexibility faster than I thought was possible. The staff members are angels!" Another participant writes, "Thank you for the opportunity offered to me in your Wellness Program these last ten weeks. It has opened my eyes to the benefits of exercise and a commitment to take better care of myself. Thank you for providing such an outstanding program. Our entire group felt it was a personal gift given at a time much needed in our lives."

One other wrote, "I learned about this program a few weeks after my surgery and I cannot imagine how my recovery could have progressed without it. The Wellness Program has strengthened me both physically and emotionally."

The lessons to be learned from this are very important to the club industry. We have the ability to have an enormous effect on (See Julie Main page 18)

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# PACIFIC FITNESS RECEIVES PATENT

Cypress, California - Pacific Fitness Corporation, a long established manufacturer of strength training equipment, announced today that the U.S. Patent and Trademark Office has issued a patent allowing 40 claims covering its Arcuate™ motion machines which the Company introduced in March, 1995 at the IHRSA (International Health, Racquet and Sportsclub Association) convention in San Francisco.

Several exciting products are incorporated into the unique patented Arcuate™ motion series. The initial products include an Ar-

cuate™ shoulder press, Arcuate™ seated chest press, Arcuate™ seated incline chest press and an Arcuate™ seated row machine. The product line will continue to gain strength, with the newest addition being an Arcuate™ lat pull-down and more Arcuate™ products are due in 1996.

"The Arcuate™ machines are the only press and row machines in the industry that offer a horizontally curved (Arcuate™) range of motion in a selectorized weight stack machine," Ted Habing, Executive Vice-President of Pacific Fitness commented. "Instead of moving in a straight

line, each device guides the user to move in an 'arc-like' direction mirroring the body's natural motion", Habing continued.

All Arcuate™ machines incorporate an optimum arced path in a user-friendly selectorized weight stack configuration. In this way, the user is able to experience proper exercise form and is able to retain that exercise form throughout each repetition, even to the point of muscle fatigue.

The Arcuate's™ combine the natural motions of free weight exercise along with the maximum efficiency of resistance curves for primary muscle groups

and their adjacent muscles and joints. President and CEO of Pacific Fitness, Howard K. Cooper commented, "The Arcuates™ are designed to appeal to people of any experience level.... both male and female... for the average club member and for professional body builders and athletes. This versatility is key in attracting, retaining and motivating members."

The Arcuate™ line features comfortable, contemporary styling and ball bearing pivots which provides a smooth, quiet operation. Keep-

ing in mind the safety enhancements required of the USA and European markets, the Arcuates™ have been designed to suit both.

Pacific Fitness is a designer and manufacturer of strength training equipment for health clubs, rehabilitation centers, professional athletic performance enhancement centers, hotels, condominiums, corporate fitness centers, military fitness centers and homes.

*(For more information on the Arcuate™ strength training line, call Mr. Jhan Dolphin, Vice President at 1-800-FIT2.)*

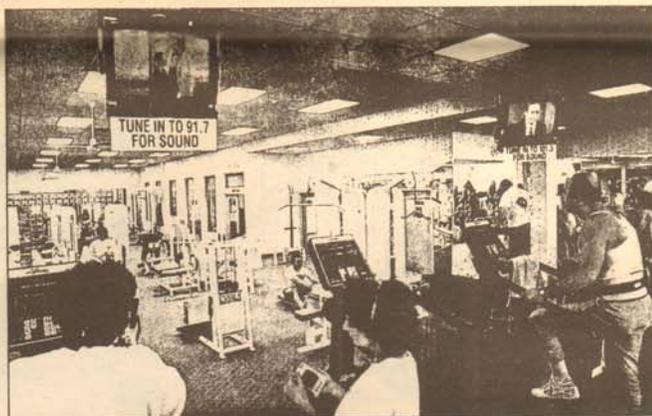
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## Norm's Notes

*continued from page 3*

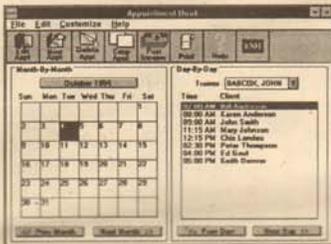
have now sold 20 CORY EVERSON club licenses to date. They now have four clubs operating under the name Cory Everson in Boynton Beach and Ft. Lauderdale, Florida, Athens, Georgia and Roanoke, Virginia. This is the first club licensing program in the history of the fitness industry to have national media exposure to its licenses for free, as Cory promotes it on her "GOTTA SWEAT" show seen by 60 million people each day! Of course, it doesn't hurt that Cory is "drop-dead" gorgeous and built, built, built!

**More BALLY LEGAL PROBLEMS!** This time in Texas where Bally members statewide who paid for their memberships on credit have been granted class-action status by District Judge Johnny Gabriel. This means that 215,000 members of 34 Bally Clubs, representing a possible \$44 million in overcharges are now eligible to join the suit which was brought originally by two San Antonio, Texas individuals who filed the action because they believed that a monthly fee, charged to credit customers of Bally's, pushed the interest rate well over the 18% allowed by law. My guess is that Bally President MIKE LUCCI would really like to put these incessant legal battles behind his company, but it seems that they just keep on coming. Just last month I wrote that I support Lucci and Bally's efforts to get legitimate and to professionalize their operations. Even so, my job is to continue to "tell it like it is" and I will investigate this story and give you all off the details in our January, 1996 edition.

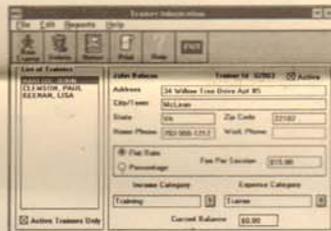
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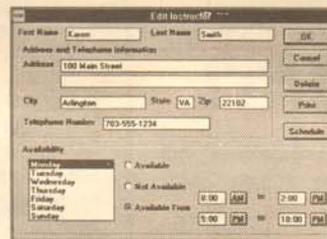
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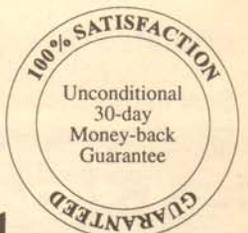
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# Saco Sport & Fitness: Back From The Ashes!

By Norm Cates, Jr.

Imagine being at home on a cold winter night (12 degrees!) relaxing after dinner when all of a sudden, the phone rings. The caller, one of your employees who lives across the street from your club, informs you that your club is on fire. That is what happened to Scott Gillespie at 8 o'clock on Sunday night, January 17, 1994.

Scott Gillespie, one of two owners of the Saco Sport and Fitness Club in Saco, Maine, received the call from one of his employees who lives across the street from the club. At first Scott thought his employee, named Fred, was kidding..... and responded to him,

"Come on Fred, stop it..... what do you really want?" Gillespie recalls that Fred had to tell him his club was on fire three times before he actually believed it. And, hurriedly hanging up the phone to go to the club, Gillespie forgot to ask him if the fire department had been called on the 911 line, so he dialed 911 and confirmed with the fire department that a call had been and fire equipment was on the way.

Scott lived about seven miles from his club. He vividly recalls how his heart sank as he rounded a curve about one mile away and saw the flames, sparks and smoke flying into the sky. Imagine how he must have felt..... years of work, effort and commitment..... all up in smoke!

But, this story has a very happy ending..... Scott Gillespie,

with the help of a lot of people, has resurrected the Saco Sport and Fitness Club back from the ashes!

The club was gutted entirely.... from the roof to the ground! The only part of the club that could be saved was the concrete slab. They even had to dig up most of the plumbing lines to start over.

It took a couple of weeks for the fire officials to determine that the fire had been deliberately set by someone because freezing temperatures caused the water applied to the fire to freeze into a thick crust. And, the next day it snowed 12 inches, covering the rubble. In fact, the fire investigators had to build a temporary shelter over the club's remains so they could heat it to melt the snow and ice and begin the investigation. The fire officials didn't take long after that to determine that arson had been committed.

There are several club industry luminaries who assisted Scott Gillespie in his dealings with the fire damage and insurance company. The day after the fire, Scott contacted IHRSA's Executive Director, John McCarthy to seek out the names of people experienced in insurance matters. McCarthy was tremendously helpful to Gillespie; he referred him to Rick Caro and Charlie Swayne and he also wrote letters to the insurers of the Saco Sport and Fitness Club on Gillespie's behalf. Gillespie recalls, "John McCarthy, Rick Caro and Charlie Swayne were all very helpful to me. Rick spent time



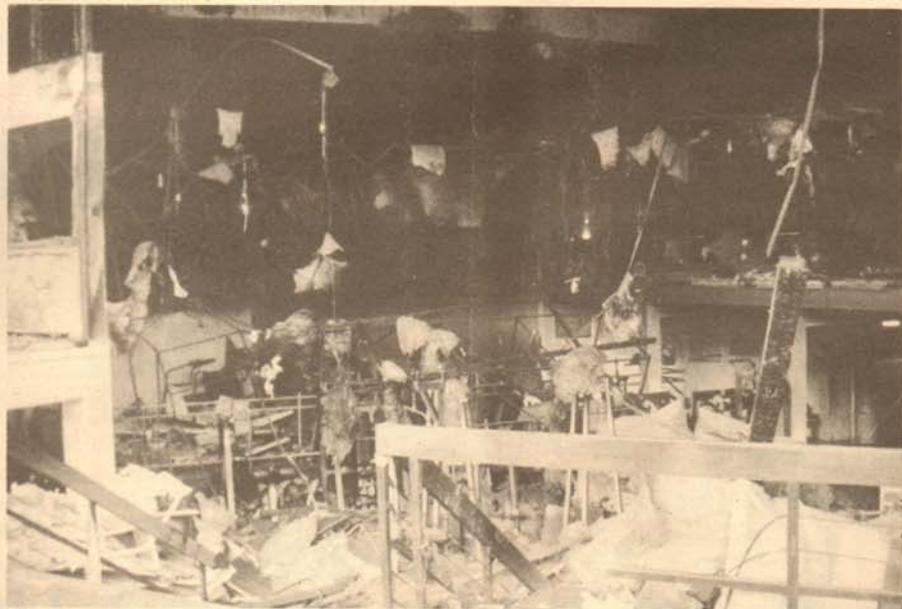
*Scott and Beth Gillespie*

helping me in dealing with the insurers. Charlie helped by providing me with the name of an adjuster who I ended up hiring. They were all instrumental in my efforts to rebuild the club."

Gillespie learned the hard way that dealing with insurance companies is not a "cup of tea." He also found that you need to be careful with your insurance coverage because you might find some surprises if you ever have to deal with a claim of this mag-

nitude. For instance, he was forced to spend an additional \$150,000 to comply with new ADA Requirements which included, amongst many, the requirement to install sprinklers in the new building.

He also had to contend with his old partner who decided to "cash out" of the deal and not go forward with ownership of the rebuilt club. But, Gillespie was determined to go on. A few years back, Gillespie had bought the club (See Gillespie page 25)



*Saco Sport & Fitness Club after fire*

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The lushly-landscaped villa includes an oversized deck with swimming pool and waterfall. There is also a spectacular great room with 32-foot ceilings, TV, VCR stereo and air-conditioning. Guests at the villa also have use of the amenities at the nearby Ocotal Resort Hotel, which includes three swimming pools, tennis, scuba diving, snorkeling, beach and health club.

Also available are the world's best sports fishing for marlin and sails, rain forest, volcano and giant sea turtle tours, birdwatching, horseback riding, whitewater rafting and various other nature tours.

An all-inclusive plan provides all your food and drink (an open bar) during your stay at Villa Papagayo. The staff is there to provide for your every need and you will enjoy daily wonderful meals of fresh seafood, fresh vegetables and fruits like you've never tasted before. The villa is ideal for parties of four, six or eight persons. Beds can be arranged as kingsize or single for your personal needs.



*Those who have seen the view from Villa de Papagayo call it one of the most spectacular in the world. With parrots and monkeys in nearby trees one soon realizes he or she is in a nature's paradise.*



*The great room has spectacular 32-foot ceiling, French doors opening to the ocean, a catwalk with spectacular views, television, VCR and stereo.*



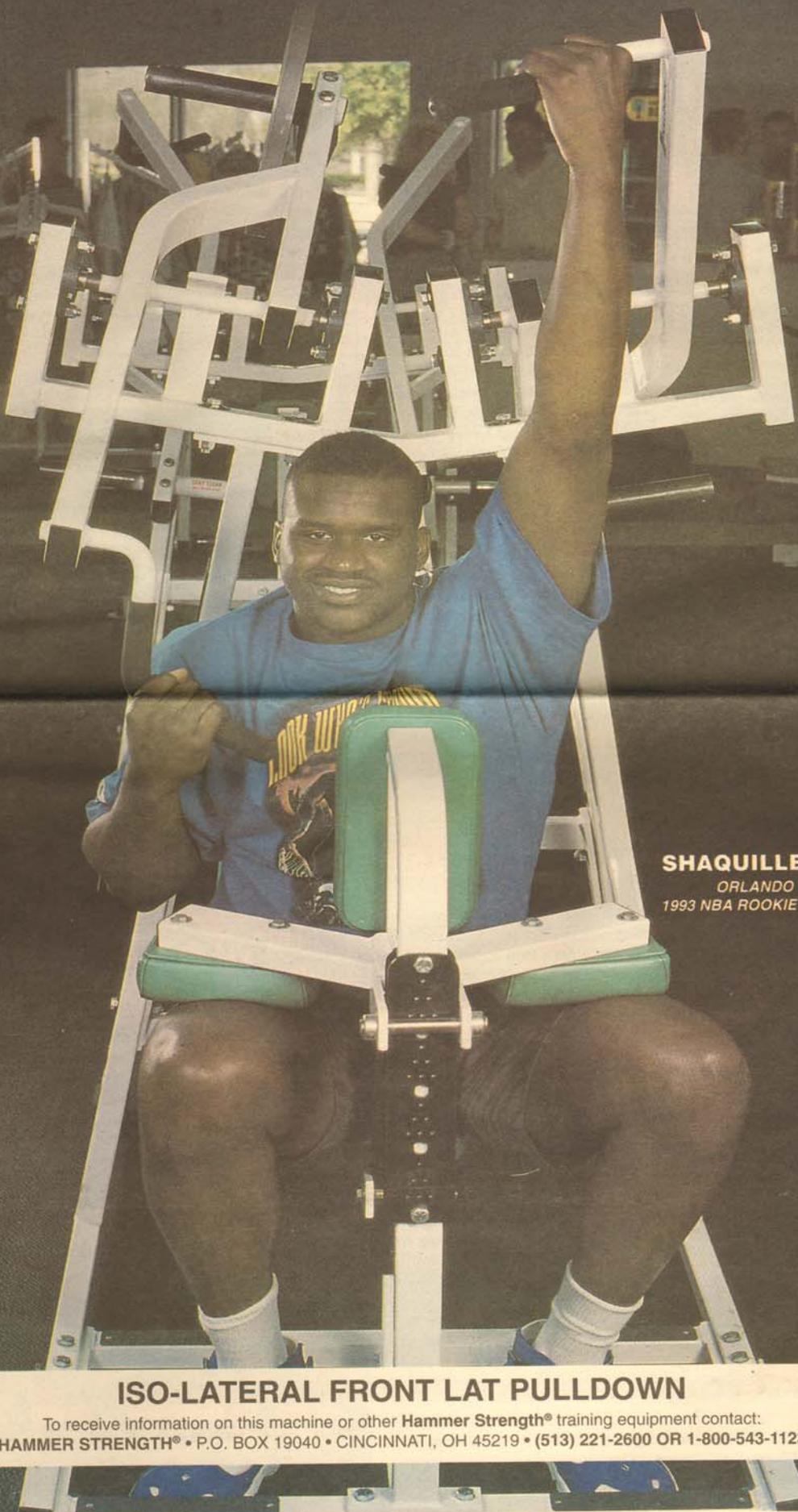
*Villa de Papagayo's giant terrace overlooks the Pacific Ocean and includes a pool with swim-up bar, waterfall and rancho. In the evening guests dine outside under the stars.*

*The villa has four bedrooms, including three master suites with ocean views, private terraces, air conditioning, overhead fans and full baths. A fourth bedroom has a full bath and bunkbed.*



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Photo by: J.M. Mamion

# The Mathematics Of Building Your Tennis Market

By Spike Gonzales

The opportunities for clubs to build a membership base of tennis players have never been better. Society is becoming more fitness oriented, and the baby boomers are looking for skills and activities for retirement. What's more, the tennis manufacturers, the tennis associations (USPTA, USPTR, and USTA) and IHRSA are making concerted and coordinated efforts at marketing the game. Club owners and managers should take notice.

For a huge portion of our population, tennis is the perfect game for combined fun, fitness, accessibility and affordability. Yet, for the potential wearer, tennis is a difficult suit to put on! Not only does it require a great deal of time and effort before the rewards of fun and fitness can be realized, the introductory stages are arduous and frustrating. Tennis owners and administrators should realize this and adjust their market building accordingly.

Rarely can we distill our management and marketing efforts to scientific formulae, but in the case of building a tennis clientele base a general formula applies. It is:

$$C = \frac{T(S)}{F}$$

**C** stands for "Commitment." From the manufacturers' point of view in our market building, this measures the readiness of the tennis playing prospect to actually buy a racquet with the long term in mind. From the club owners' standpoint, it measures the potential player's willingness to become a member. We all want to build Commitment!

**T** stands for "Time." Basically it is the measurement of how many years are invested in an activity.

**S** stands for "Satisfaction." It refers to the level of agreeability the activity brings to the participant.

**F** stands for "Frustration," measuring the difficulties the activity thrusts upon the participant.

While the formula applies to many activities related to building a club membership, it is vitally important in bringing in new

tennis players. We want people to become committed to our game, overcoming its initial low level of Satisfaction and a high level of Frustration. Using subjective values of 1-100, our formula for the first year beginner player would look like:

$$\text{Commitment} = \frac{1(5)}{95}$$



**Spike Gonzales**

In my opinion each hour of tennis involvement for the average beginner yields a cumulative growth point of Satisfaction and a cumulative diminished point of Frustration. After five hours of trial-and-error play, the tennis candidate has a level of commitment of only about 5%. If our target is to get to at least a fraction of 1/1, he or she is very unlikely to continue!

With skilled instruction, the newcomer will benefit with increased rates of satisfaction growth and frustration decline. My estimate is that with good group instruction, these rates go to an average of about two units

per hour. The person who has had five hours of "directed" tennis involvement may be in this state:

$$\text{Commitment} = \frac{1(10)}{90}$$

This person is 10% committed to becoming a member or buying a long-term racquet, and needs a total of only 25 hours of "directed" time to feel like a player.

Club owners and operators have great opportunities to take advantage of programs like the Tennis Industry Association's "Super Lessons", the USPTA's "Across America Tennis Day" and the USTA's "Play Tennis America", but these will not do our player base building.

In fact, a potential hazard of these programs is that they bring newcomers to a level of low satisfaction and high frustration, and then say, "Congratulations, you are now a tennis player!" The participant thinks, "If I'm a tennis player and I'm not having fun or getting exercise, then tennis is not for me"..... and that's the word that will get to the grapevine.

Introductory tennis programs have to follow up with ongoing instruction programs given by pros well trained in group instruction and who see the big picture of market building. TCA's(Chicago) "Tennis In No Time"® carefully integrates follow-up programming with its introductory sessions. "Play Tennis America" is looking into ongoing group instruction in its follow-up

sessions. Club owners and operators need to heed the "mathematics of commitment" and follow suit with their own tennis administrative staff!

(A new contributing writer to The CLUB INSIDER News, SPIKE GONZALEZ has been building tennis markets since 1971. An influential mem-

ber of the USPTA, USTA and IHRSA, he was involved in bringing those organizations together in founding the National Tennis Rating Program. He presently serves as an advisor to Tencaps R, a USPTA-endorsed tennis handicap and rating system. As President of AD-In Club Management, he specializes in the development of pros and managers in the tennis industry.)



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- Follow every lead no matter how futile you think an individual chance is.
- Make 30 phone contacts a day and if you are now making half that many you will soon be doubling your sales.
- Follow-up on your renewals tenaciously, not being discouraged by abruptness or put off by a refusal. Some members are upset with things they don't understand, and a simple explanation is frequently all that is necessary. It's our duty to inform them so they can make an accurate decision.
- Be up, bubbly and positive in your attitude! It will cost you nothing but a little effort and is guaranteed to up your sales.
- Don't take no for an answer! Find out what their true objections are. Make a minimum of three good appointments for yourself each day. The more you make, the more you sell.
- Make your follow-up calls to members, and don't miss a one.
- Make sure you are working every minute you are on duty. When you hang up from one call, don't put the receiver down, but start dialing on the next one immediately. Make notes while you're talking on the phone, don't wait until you hang up, it wastes time.
- Give out your business cards everywhere. You never know where you will make a sale.
- Listen to and read everything you can on fitness and sales.
- Have fun and your clients will too!

### ...Julie Main

*continued from page 9*

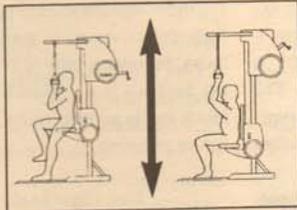
people's lives. These lessons can be used in continuing to work with all our members, whatever their exercise goals may be. For instance, we know that weight loss cannot be achieved or maintained without a dedicated workout regime, yet many people fail to keep up the commitment. By teaching them the emotional power of exercise, and by reinforcing the teaching with actual results, we can help them with their commitment to weight management. Most failed dieters say that the reason they fell off their routine of healthy eating, moderate exercise or both, was either a failure to see the benefits of this lifestyle, or an emotional setback which caused them to revert to old unhealthy habits. By empowering them with the ability to control their own exercise routine, and the continued demonstration of their results, the new healthy behaviors can take power over the old ones. There needs to be a combination of a concerted effort by staff to continually monitor and inform the clients of their progress, and the desire and ability of the client to take control of their own program.

Do not think that this Cancer Wellness Program is without its failures. Like any other exercise program, there will be setbacks. We have had participants drop out because of lack of interest, the need to resume aggressive medical treatment that prevents them from exercising, and in the saddest of cases, the death of a participant. But the setbacks have made us aware of the limitations that each and every one of us have. And they have made us aware of how precious our lives are. Working with this group has given all of us an awareness of how we take our own health for granted. It has also illustrated how resilient the body is and how it is an incredible self-repairing mechanism. Through the empowerment of exercise, both mentally and physically, we can set these powers in motion to achieve quality of life. We know that not all new or continuing members have this potential within them to realize the benefits of exercise. But if you can make just a small impact on some member's life, I guarantee you that the rewards will be endless. Try to take an active role in ONE member's exercise routine. Talk to them, help them with their program, spend some time motivating them to try a little harder. Without either one of you realizing it, you can make a positive impact on their life. That is why we are in this industry.

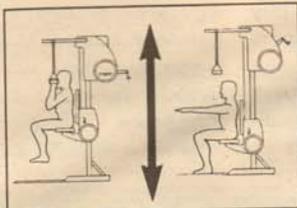
*(Julie Main is the General Manager of The Santa Barbara Athletic Club in Santa Barbara, California. Thanks Julie for this excellent and inspiring article!)*

# THE BODY PUMP®

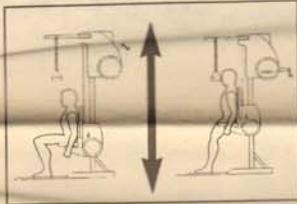
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**Caro...***continued from page 6*

effect, a site selection expert drives each direction from the site (like spokes of the wheel from the center) at prime-time hours. Now, the definition of a primary market has narrowed from previous years. The primary market is now only an 8-minute drive time and often may only reach the equivalent of a 2 1/2 mile or 3-mile radius (not the 5 or 6-mile definitions of the past). The secondary market now reaches 12 minutes and no longer are 10-12 miles radii used. In a strictly urban market, walk times are used instead.

The above describes the residential market methodology, but the local working marketplace has to be analyzed, also. A shorter set of radii are used and the data is then analyzed separately for just those

working locally but not living there. Density is still the most critical principal, with the upscale element of the population next.

There are a variety of computerized demographic services who collect data and update it between census periods every decade. Some of those services are more appropriate than others for the club industry. However, all these services do is provide data. An expert needs to interpret it and use the appropriate conversion factors (or absorption rates) to define the potential demand for all clubs combined in that marketplace.

However, collecting information about the demand factor by itself is interesting but not useful. The supply side must be studied concurrently to determine if there is a potential for a new club - or your club. In fact, many mar-

kets, are already oversupplied with clubs, and a new club might be "doomed" before it starts. So, an expert must determine how many regular adult users are already being served by existing clubs. This determination is not easy as owners and general managers are reluctant to release "real" membership numbers.

The final piece in the analysis involved the relationship between the supply and demand side. If there is more demand than supply, the recommendation would be to proceed. However, if the opposite is true, the recommendation would be a negative one.

Some others would want to use primary research and either hand out questionnaires or do telephone surveys. These are interesting and help guide club developers and owners on issues of

types of facilities and equipment - but never the "go" or "no go" decision. The club industry has no data on how to interpolate or apply conversion factors to such research results.

Other issues to keep in mind include the importance of natural or perpetual barriers. For example, some local residents see water, a bridge, a county line, a major highway or a key artery as a barrier they will not cross. The market is defined by a set of points based on the drive times. If connected, they never form a perfect circle. Also, local behavior patterns have to be taken into consideration. Sometimes, people leave an urban area where they commuted to and will not want to go back in the same direction for their recreation. So, unless they use it while at work or immediately on the way home, it is not

an "eligible" alternative if they were to view it from their residential location.

Site selection is a process that truly can predict a club's success or failure. For those club owners who never went through the process vigorously with an expert, it is still valuable to do so. For those who are still not sure how their club relates to its marketplace today, the opportunity to do a market analysis is a critical building block for its success today and its future planning.

*(Rick Caro is the President of Management Vision, a New York based club industry 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.)*

**...Hoffman***continued from page 7*

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Your newsletter is a terrific PR tool, but most clubs don't take advantage of the powerful image an information-packed, well-distributed newsletter can generate. This monthly publication can teach you how to improve your graphics, your copy content and provides invaluable advice on distribution techniques so that your image reaches more people in your community. If you don't publish a newsletter, or think the cost and staffing requirements are too high, it will provide names of newsletter publishers who can do it for you, cost-effectively.

These are just a few of dozens of outstanding PR publications available to help you develop your own PR skills. I'm not suggesting books can replace quality PR staffers, agencies or consultants, but as people responsible for your club's success, you need to understand the theory and practice of PR before you decide how to manage your own program.

*(Michael Hoffman is the President of California-based Heart Communications and can be contacted at: (714) 831-7971; Fax: (714) 643-1891; e-mail: heartcomm@aol.com. This is #3 in the PR 101 Education Series from Heart Communications.)*

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# Hey You! Club Owner Doing Your Own Ads! Put Down That Layout Pad and Read This!

By Jeffrey Drake

**O**K. You're convinced that you can do your club's advertising all by yourself. Why not? You watch advertising on TV all the time. You read it in newspapers. You scan the direct mail you get at home and work. You consider yourself a creative person. Besides, who knows your club better than you do. And, hey, you can save some money..... Right? Mmmmm..... Bad move.

The fact is that the best people to create your advertising and truly help build your club's marketing impact are the people who do it for a living - advertising professionals. They are the ones trained in the disciplines of it. They know what works and what doesn't. They are the ones who can best be objective about your club's advantages and disadvantages and create communications to effectively promote it. So, my first piece of advice is to run screaming at the top of your lungs to your nearby telephone and hire your local ad agency.

Done? Good. Now, here are some essential guidelines toward building more effective ad-

vertising for your club - with your agency, of course.

## SIMPLIFY YOUR MESSAGE UNTIL YOU CAN'T BEAR IT ANY LONGER.

**M**ost advertising



Jeffrey Drake

tries to do too much. Tries to say too many things to too many people. And it's easy to see why it's not memorable or impactful.... because it can very often become what I like to call "a bed of nails" - so many points that nothing breaks through. When you're creating an ad (with your new agency), think of it as a single nail - one idea, one message. The more points you try to make the

WEAKER the message will be. When people read through their paper, they are essentially scanning for a "mental hit". If your ad does not have a single focus, a "one thought", and a clean look, it will be passed by.

But wait!, you say. You have lots and lots of great things to say about your club. Then prioritize them. An ad should always punch out ONE idea very well, then possibly include the other points as minor secondary messages. Better yet, develop one ad for each message and elaborate on it. That's the strategy behind a campaign.

## SPEAK TO AN INDIVIDUAL, NOT AN AUDIENCE

**N**o one can sell anything to anyone unless they first make "eye contact" with that person. Making eye contact means you understand them.... who they are and how they feel as a person. In essence, your advertising must establish an empathy with them individually before you can even begin to sell. For example, a winter weight reduction ad might have a head-line, "Lose weight this winter at Acme Health Club." It says what you need to say, but not in a way that established empathy with the reader. A more effective, involving approach might be to use a simple photograph of a bathroom scale, with a headline below it: "Make A New Friend This Winter!" We all hate the scale. It is our enemy when we feel overweight. An ad like this says that you understand me as a person. It engages my eye and then tracks from the headline through the body copy to the logo with a primary thought. A fair assumption from this ad is that the rest of your club's services, activities and staff are based on that same level of understanding - of me, as a person.

## KNOW YOUR CLUB AS A BRAND AND WRITHE IN IT.

**I**f you have competition, as most clubs do, you must consider your club as a "brand". We are all brands. And as individuals we all understand brands. What is a brand? Well, actually it's not an "is". It's what we do! We brand everything. I brand ev-

erything. "The Andersons next door are preppies." "Bob down the street is a geek." "Californians are hip." "Volkswagens are for kids." "Cadillacs are for old men." "Perdue is high quality chicken." "Heineken is for special occasions." "Nike understands athletes." And so on.

Branding is how we position things in our mind - whether it's a car, a person, a school, anything. But bear in mind, a brand can be as negative as it is positive. Everything you do, and don't do brands you. Branding must be plotted, monitored and controlled.

Now, the question is, what is your club's brand? Where is it positioned in peoples' minds? Are you the "family club?", the

young people's club?", the "equipment innovator?", the "biggest club?", the "high-end exclusive club?", the "club for older adults?" To achieve a brand or position you must be singled-minded and focused in everything you do. Throughout your communications (internal and external and not just your ads) you must be consistent in conveying your brand.

Effective "brands" are made up of two essential ingredients - the emotional and the rational - sort of the Yin and Yang of marketing. The emotional ingredient is manifested in your communications' voice, style and tone. It is a human perspective, an attitude that's conveyed in everything you do. It is the personality of the club.

(See Drake page 23)

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An industry legend & president of Club Marketing and Management Services, Mike is one of the leading club marketers in the U.S. He is a contributing author to numerous fitness journals, and is the guest lecturer for such organizations as IHRSA, Club Industry and BodyLife. Mike has been in the club business since 1965, during which time he has been involved in every level of the club operations, including a prestigious stay at the Los Angeles Athletic Club. Along the way he has owned and operated his own clubs. As a consultant, Mike has been involved in the development or management of over 1500 different clubs worldwide. He is quite simply the supreme educator who will transform your approach to club marketing and management.

\* You will also have the opportunity to learn from other industry leaders and guest faculty.



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# Transitioning Into The Multi-Site Arena

By Barry Paillet, M.S.

Probably every club owner at one time or another has dreamed of expanding his business into a multi-site operation. But as many who venture into this arena quickly discover, the logistical challenges can be largely prohibitive and stifle the project plans. In transitioning into a multi-site operation, some critical success factors must first be addressed, operational efficiency and consistency being paramount.

Before venturing too far, a careful and detailed internal audit of your present facility's operating systems should be undertaken. Be sure to look at things with a fresh pair of eyes..... don't accept existing systems simply because it's what you have grown comfortable with or because it's the way things have always been done. It is likely that you will detect a few areas where some tasks or functions require tighten-

ing or retooling. Delving into opening a new site presents a rare and advantageous opportunity to strengthen your internal operational and administrative systems before putting it all on the line. This process is not an easy one and can be time consuming, but performed thoroughly, it can position you well for a successful expansion.

Now that your systems have been reviewed and updated where applicable, the importance of establishing internal operational consistency between the new venture and your current facility can not be overstated. While your plan for the new facility may be quite different with respect to size, amenities, fees, etc., it is critical that the systems governing these and other functions are consistent with those of your present facility. In other words, you favorite restaurant chain may have location-specific decorum and menu selections, but the way in which they process payments, order from suppliers and train their

employees is identical from one facility to the next. Not only does this tight adherence to operational consistency streamline and improve the internal systems, but it improves the level of quality customer service delivered the patrons.

Below, I have identified some of the important operational functioning areas to consider carefully during your "internal audit" and in developing your strategic plan for your new center.

**SALES:** Since your business depends entirely on membership sales, every effort should be made to employ a system that is airtight. After all, cracks in the processing procedures or in the consistency of the way your sales staff follow your established protocol is like throwing money away. Ask yourself some of these questions.

- Are your administrative procedures virtually flawless and without loopholes?



**Barry Paillet**

- Is every phone inquiry or tour handled with professionalism?

- Does the paperwork get completed, placed/sent where it's supposed to go?

- What does your "follow-up" system consist of, what duration does it continue for and what creative marketing techniques do you use other than a let-

ter and phone call?

- What kind of regular staff training and special incentives do you employ?

If your answers to any of these questions prove less than highly efficient and effective, be sure to make the necessary corrections and improvements. Once they are implemented and consistency has been established among the staff, you will be in a good place to move forward on your new facility planning.

**POLICIES AND PROCEDURES:** This area can really be looked at best when separated into "Membership Policies/Procedures" and "Employee Policies/Procedures." Beginning with the membership, here's a brief checklist to follow:

- How do you inform your members of the policies/procedures and does this happen more than once (on the date of sign-up)?

- Are the policies/procedures (See Paillet page 23)

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Shaping the Future of Fitness

**...Paillet**

*continued from page 22*

dures known by heart and enforced by all staff?

- Based on the physical layout, target market and services to be offered, will any of the following need to be reconfigured: guest policies, theft policies, lost & found, membership freezes, medical leaves, additional fee for service charges, late payment penalties, reciprocal use of the clubs, etc.?

The important point here is do you presently have a tight system with built-in checks and balances for these areas and does every staff member follow them to the letter? If you can't respond to this question with an unequivocal yes, you probably shouldn't proceed with a new venture before addressing this issue at home first. Otherwise, inaccuracies and hidden loopholes will only multiply, and it is dramatically more difficult to repair these problem areas once new ventures are already operational.

**ADMINISTRATION:** Look at your present flow of information and the accuracy of the systems employed for collecting, analyzing and communicating it.

- Do you have an adequate amount of computer hardware (both in the fitness center and in the back offices) and is the equipment and software powerful enough to provide you and your staff with the resources to produce and deliver high quality results or products?

- If you have multiple computers are they linked as a LAN (Local Area Network) or are they all independent of one another?

- How do you plan to operate your club in unison with your present club without being linked as a WAN (Wide Area Network)?

Again, this is only a sample of issues that require thought and decisions prior to breaking ground.

**STAFFING:** "You are only as good as your people" may be a cliché, but it couldn't ring more true in a direct service business like the club industry. Review your club's current practices in this area so that you may duplicate a successful new team of knowledgeable and personable professionals at your new club.

- Who does your recruitment, interviewing and makes hiring decisions? Are

they really the right person for that critical task?

- Who are your managers? Were they selected based on proven management skills? Do they establish challenging goals with their staff to be met? At what frequency do they conduct formal review sessions and clearly identify strong performance areas and those requiring immediate and continued improvement?

- Do you have detailed Position Descriptions written and do each of your staff truly know and understand the responsibilities they are held accountable for delivering on?

- What degree of formal training occurs for new employees and is it ongoing (quarterly/bi-annually)?

These are just a few of the important considerations to entertain prior to expanding to new locations because many of your current staff will serve as the mentors for your new staff.

While shoring up your internal systems will create improved efficiency and consistency for your operation and the staff running it, the real impact will be felt where it counts most.... your members and your bottom line. How? Every area mentioned above is directly related to quality. If your staff have been carefully selected, well-trained and have a clear understanding of their role and their manager's expectation of them, they will perform at a higher level and deliver better service. If adequate tools (computers, etc.) are provided for them, they will be able to develop more new facility programs, deliver impressive educational materials and spend more time on the exercise floor with the members as a result of improved efficiency. And if a detailed protocol for proper phone inquiries, tours and all follow-up tactics is adhered to consistently, more sales will likely result.

Your newly improved level of efficiency and consistency at your present facility, and the resulting increases in new members (sales) and satisfied existing ones (retention), will no doubt increase your chances for a successful and profitable transition into the multi-site arena.

*(Barry Paillet served as the Director of Operations for Fitcorp, a Boston-based corporate fitness chain. His overall responsibility encompassed 6 Boston area health and fitness centers.)*

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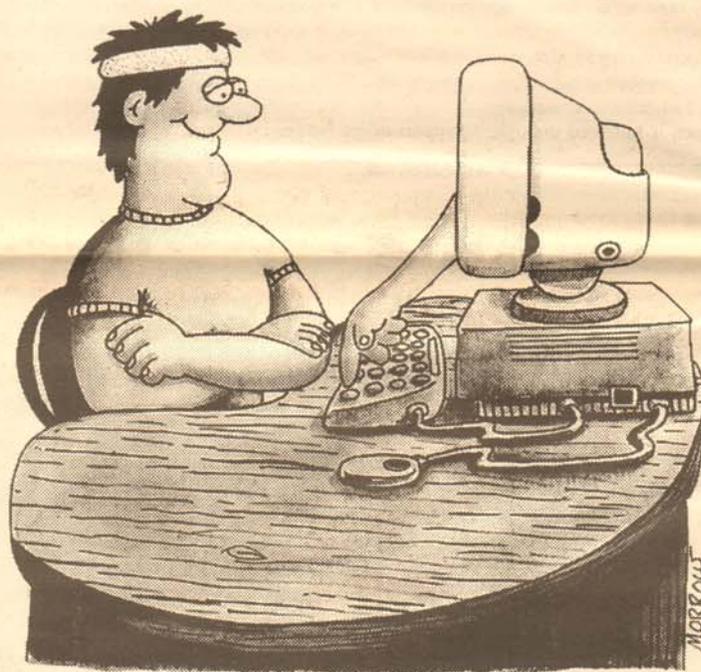
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# ...Gillespie

continued from page 12

out of receivership. After the fire and the defection of his old partner, he needed to bring in a new partner to replace the other one. The person selected turned out to be the man that was the Trustee in the receivership whom he had formerly dealt with, Jeff Sherman. Sherman came on board and they proceeded with the effort to settle with the insurance company and to rebuild the club.

Due to the fact that arson was involved, the insurance company was dragging its feet. Typically, arson cases can involve 2-3 years. But, in this case, Gillespie and Sherman had a limited window of time to complete the deal. After that, the bank would not make the necessary loan to complete the transaction. Finally, as the insurance deal slowly drug on, Gillespie threatened to sue the insurance company for "bad faith". It was this threat, which if followed through,

would have doubled or even tripled the award due from the insurer, that caused the insurance company to go ahead and settle so that Gillespie could meet his bank deadlines. However, the deal still was not a great one for Gillespie as the building was underinsured and he and his new partner had to come up with additional funds to complete the work.

Fighting through all of the many problems, Gillespie and Sherman re-opened Saco Sport and Fitness on February 18, 1995, an incredible one year, one month and one day after the fire!

Gillespie recalls, "Our community embraced the return of Saco Sport and Fitness! In fact, after the fire I set up a small office to re-establish a contact point for people. On average, we received 3-5 phone calls per day from our members telling us they missed the club and they would come back if we rebuilt. These phone calls were inspirational to me as I fought the battles necessary to rebuild the club."

But, even with the strong support of its former members,



**Saco Sport & Fitness after reopening**

Gillespie had to contend with the actions of the local YMCA. The local YMCA did what YMCAs do all over America when it comes to dealing with commercial club competition. They took advantage of

the situation and made every effort to take all of his members into their operation. The YMCA, is also supported by the editor of a local newspaper called the Journal Tribune, who spares no ink when it comes

\$800,000 was FORGIVEN by the bank. So, while Gillespie was down, but not out, they took advantage of the timing to reduce their debt from \$1.5 million to \$300,000, giving them a tremendous competitive edge in addition to the edge they enjoy with fund raising, real estate and sales taxes, etc.!

Now, you tell me. How bad can it get with these YMCAs? In this case, I would really like to know how that bank's Board of Directors explained to its stockholders the "give-away" of \$800,000 to a YMCA! Maybe their stockholders are the directors! In any case, this is a classic case of how YMCAs enjoy the benefits of a very uneven playing field all across America!

Regardless of the Y's actions and the difficulty that Scott Gillespie and Jeff Sherman had to endure in rebuilding Saco Sport and Fitness, they have had a tremendously successful 1995 and they are poised and ready for more of the same. They will have to continue to prepare to compete with the local YMCA and its unfair advantages. And, they will have to compete with current and future competition from the private sector. But, Scott Gillespie is ready..... 70% of his staff returned after the fire. And, he has Ben Midgley - Sales Champion, on his team! Scott and Ben have made history in the club industry in America with what they have accomplished and we wish them and the entire team at Saco Sport and Fitness all the best in 1996 and beyond!

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## ...Midgley

*continued from cover*

during the time they were closed for rebuilding. Immediately upon the announcement that the club would be rebuilt, Midgley contacted Gillespie about returning to the club. Midgley had spent the time since the fire working in a local gym and worked on the town's loading dock moving seafood. When Ben returned, Gillespie recalls Ben saying,

"Scott, I am going to be a new guy for you and my goal is to win the IHRSA Sales Person of the Year Award!" One year later, Ben Midgley reached his lofty goal in Atlanta, Georgia!

In addition to the quality of the newly rebuilt Saco Sport and Fitness Club, Midgley attributes his success to a number of factors:

- (1) He believes that sales should not be about tricks.
- (2) A first visit closing on sales is not his primary goal.
- (3) He feels his job is to be there for prospective members

to inform them about the club and help them make the correct buying decision.

(4) He believes that the "key" to membership sales for him is that he "builds relationships" with every prospect during his sales effort and post-sales follow-up.

(5) Midgley says, "I treat all of them, both prospects and members alike, as the good people they are."

(6) Referrals are the key to Midgley's business. He comments, "I don't have to pick up the phone anymore. I have people

walking in, calling in and I even have sold memberships to people that have approached me when I am out in the community."

(7) Midgley's focus is to treat everyone as well as possible.

Ben Midgley is a guy who set a goal for himself and prepared himself to attain that goal. He began as a part-time personal trainer. He worked into a job as a part-time sales representative. He then was promoted to the job of Fitness Director. From that he grew and was promoted to the role of Fitness Director and Corporate

Membership Director.

Midgley aspires to someday own his own club. But, in the mean time, he is going to stay and work hard at Saco Sport and Fitness. And, he wants to help others who are in sales or are considering getting into sales. He welcomes anyone who would like help to contact him at (207) 284-5953.

Congratulations to Ben Midgley, Scott Gillespie and Jeff Sherman of the Saco Sport and Fitness Club in Saco, Maine, for this high honor!

## ...Drake

*continued from page 21*

a personality people can get to know, relate to and, hopefully, like. Project a personality in all your communications. It's absolutely critical.

The rational ingredient is the practical side of selling. It represents the advantage, features or offer of the club that appeals to people's logic. What's the Yin and Yang of your brand? Whatever they are, make sure you give them equal emphasis. And be consistent in

propelling them and building your brand "equity". It will pay off!

**ADVERTISING: PLAN ON IT. BUDGET FOR IT. AND DO IT ALL THE TIME.**

**L**ike exercising, you

should do it often. The more you do it, the more you get out of it. Budget as much as you can. Granted, that's easy for me to say, it's not my money. But I can relate. My agency advertises regularly, and it pays off. And we increase our budget annually. The

fact is, your advertising budget should be given the same reverence as your own salary. Believe it. Advertising is not a luxury, it is a necessity, and as important as the equipment in your club. It fuels your visibility, your branding and, ultimately, propels your business in the direction you wish to take it.

### SET REALISTIC EXPECTATIONS FOR YOUR ADVERTISING

**D**on't expect miracles overnight. As a fitness professional, you caution new members about expecting immediate results. The same rule applies. Building a position and a brand is a process. And at its best, it is meant to build awareness, interest and boost prospect traffic. It cannot close a sale by itself. That responsibility lies with your sales staff once a prospect calls or comes in to tour.

There is one caveat to all of this, however. If your new advertising doesn't follow the guidelines offered here, I recommend you stop wasting your money and do it yourself.

*(Jeffrey Drake is a Partner and Director of Client Services of Creative Club, Boston, a nationally recognized agency specializing in lifestyle, sports, and health & fitness marketing.)*

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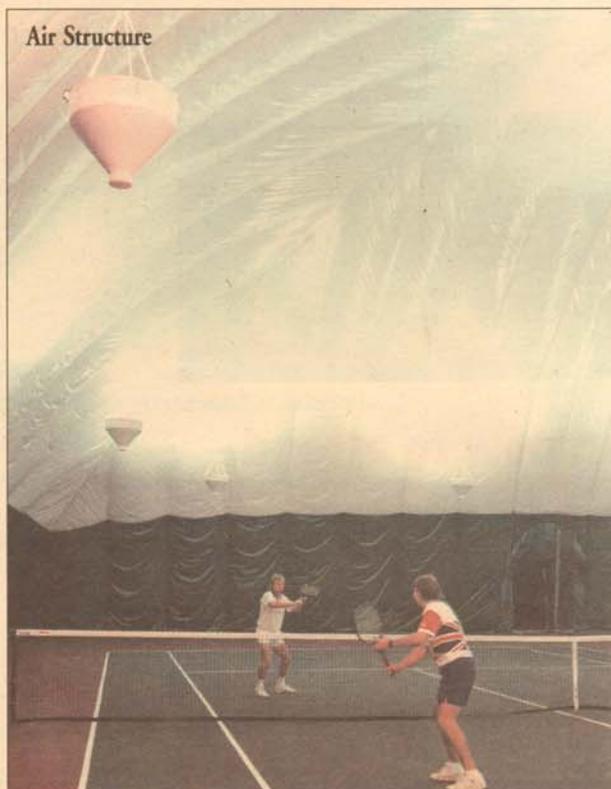
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