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profile

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By BERNIE SILVER

Forcing Success

Chester Billingsley is president of Mainstreet Athletic Clubs Inc., but don't look for a broad-shouldered, slim wasted guy whose muscles have muscles. Oh, Mr. Billingsley works out all right, when he isn't working on the bottom line, and since that is seldom, his physical workouts are severely limited.

The 6-foot-1, 225-pound man's strength-building endeavors are confined primarily to his company, which is very muscular indeed.

The four-club chain rakes in \$4 million a year in revenues and ranked sixth on the Business Journal's last survey of fastest-growing private companies in the valley.

But growing a business beautiful is not exactly what Mr. Billingsley, 42, set out to do.

Harvard University didn't have the program that Chester Billingsley needed. So the ambitious student built it for the school.

He started 25 years ago at West Point Military Academy.

Mr. Billingsley applied for a Rhodes scholarship in his senior year, failed to get it, got depressed, when to see a girlfriend for fifteen minutes during hours when you weren't supposed to see anyone outside West Point for 15 minutes, was told he would have to repeat his senior year or leave. He left.

Some hint of his negotiating skills - possibly his biggest business strength - came immediately afterward, when Mr. Billingsley began a master's program in applied physics at Harvard University.

The school required students to have a bachelor's degree before getting a master's, and it didn't offer a master's in applied physics to begin with.

But "when he wants to do something, he will go to the end of the rope to get it done," says former partner Joe Gigantino.

In this case, the rope trick involved talking Harvard officials into letting him create a special master's program in applied physics and letting him into that program without a bachelor's degree.

Mr. Billingsley received a master's in applied physics from Harvard University in 1975.

For the next couple years he worked for several small companies, then hooked up with General Electric Co. for eight years, during which time he displayed another key business strength – what Gigantino calls "impeccable honesty".

It was energy-crunch time throughout the country, and as a physicist with GE in Philadelphia, Mr. Billingsley was charged with building up the company's solar-and-renewable-energy department. Instead, he recommended that the department and his job be eliminated.

"The Department of Energy had set goals, and industry said it could hit them," Mr. Billingsley recalls. But he concluded the goals couldn't be reached unless gas prices hit \$10 a gallon.

GE cut his job, but kept him on elsewhere. After stints with GE facilities in San Jose; Milpitas; Dublin, Ireland; and Tokyo, Japan. Mr. Billingsley returned to San Jose to help cut the company's domestic hardware and software production.

Again, he suggested that GE cut his job, the scope of which also had been reduced.

And again, the company listened.

At this point, Mr. Billingsley decided to strike out on his own.

He bought a suntan center, then "a bunch of small businesses," including a closed athletic club, a day care chain, an electronic toy designer, a pizza equipment maker, a PC customizing business, and a PC computer-aided design business. Financing for these ventures came from operating funds and several small investors.

In 1988, at the height of the leveraged buyout boom, Mr. Billingsley sold his small businesses to help finance an attempted purchase of Chicago-based Briggs & Stratton, and combustion engine maker. That deal fell through after the collapse of Drexel Burnham Lambert, a key financier of the proposed transaction.

So in 1991 he started over raising \$1 million, mainly from investors, to buy salsa, tortilla-chip, cookie and trucking companies. Also that year, with the help of John Gengarella, currently general manager of the Hilton Hotel & Towers, he set up "a little investment Firm" called Mentor Capital.

And he decided to get serious about athletic clubs.

Mr. Billingsley brought in Mr. Gigantino, then president of his own marketing consulting company, as an operating partner to help revive the Foxworthy Athletic Club in south San Jose. Then he built the Meridian and Second Street athletic clubs in San Jose and bought the Fremont Athletic Club.

Last fall the clubs collectively became the Main Street Athletic Clubs, “Which captures the family-like atmosphere we’re trying to portray,” Mr. Billingsley says.

In a rather unorthodox move for this type of business, Mr. Billingsley is taking his chain public, probably by March 1996.

He said he approaches the clubs from a business perspective.

“A lot of people are in the fitness business because they enjoy working out,” he says. “But this is not a bicep business.”

He devotes 70 to 80 hours a week to it.

“His idea of time off is to go in at noon on weekends,” says wife Jennifer.

Says Mr. Gigantino, whom Mr. Billingsley bought out this past January: “He’s the hardest-working person I ever worked with.”

Mr. Gigantino, who is forming a couple of his own firms, left Main Street amicably.

“He’s a straight-shooting guy,” he says of Mr. Billingsley. “I have no bad taste whatsoever, which isn’t always the case when you leave a company.”

Paula Lack, current Main Street controller, confirms this image.

“He’s very bright and extremely hard-working,” she says of her boss. “There’s not a person here who can outwork him.”

She adds: “His intent is to have a squeaky-clean business. And we accountants like that.”

Mr. Billingsley’s investors like the fact he’s one hell of a negotiator.

“I see things clearly,” he says. “In complex situations I see the center path, so I do well in tough negotiations.”

Hard worker, straight-shooter, tough negotiator – but no saint is Mr. Billingsley. “I’m not as empathetic as I should be,” he admits. “That’s always bad. Sometimes I realize I’m being too tough on someone.”

His wife won’t argue with him.

“He’s an amazing human being who’s done some amazing things,” she says. But “he can be very blunt, and sometimes that offends people.”

There’s hope on this front. Mrs. Billingsley says her husband has “mellowed out” since the arrival of Wyatt, their 17-month-old son. ♦

BIO

Title: President

Organization: Main Street Athletic Clubs

Age: 42

Birthplace: White Bear Lake, Minn.

Residence: Sunnyvale

Family: Wife Jennifer, son Wyatt, 17 months

Education: Master’s degree, applied Physics, Harvard University, 1975

Hobbies: Reading about business, club racing Porsches, writing, politics