



# ***Fitness Center Business Plan Sample***

**IMPORTANT INFORMATION CONCERNING THIS MEMORANDUM**

This Memorandum (the "Memorandum") has been prepared by Fitness Center Company Inc. ("Fitness Center Company" or the "Company") for informational purposes, solely for use by prospective investors in considering their interest in entering into a possible purchase of securities of the Company (the "Transaction").

The information contained herein has been prepared to assist interested parties in making their own evaluation of the Company and does not purport to be all-inclusive or to contain all information that a prospective investor may desire or that may be required in order to properly evaluate the business, prospects or value of the Company. In all cases, interested parties should conduct their own investigation and analysis of the Company.

The Company does not make any representation or warranty (expressed or implied) as to the accuracy or completeness of this Memorandum or any statements, estimates or projections contained herein, and will not have any liability for the recipient's use of this Memorandum or any other oral, written or other communications transmitted to the recipient in the course of its evaluation of the Company. This Memorandum includes certain statements, estimates and projections provided by, and with respect to the anticipated future performance of, the Company.

Such statements, estimates and projections reflect various assumptions made by the Company concerning anticipated results, which are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and which may or may not prove to be correct. The only information that will have any legal effect will be that specifically represented or warranted in a definitive agreement relating to a Transaction with the Company.

By accepting this Memorandum, the recipient acknowledges and agrees that all of the information contained herein is confidential and subject to the Confidentiality Agreement executed by the recipient. Without limiting the generality of the foregoing: (1) the recipient will not reproduce this Memorandum in whole or in part; (2) if the recipient does not wish to pursue a Transaction relating to the Company, it will (i) promptly return this Memorandum to the Company, together with any other material relating to the Company which the recipient may have received from the Company, (ii) promptly destroy all copies of any analyses, compilations, studies or other documents prepared by or on behalf of the recipient and containing or reflecting any information in the Memorandum or such other material, and (iii) take such other

actions, if any, required by the Confidentiality Agreement; (3) the recipient will hold all information and the fact that it is involved in any process relating to the Company and the status thereof as confidential; and (4) any proposed actions by the recipient which are inconsistent in any manner with the Confidentiality Agreement will require the prior written consent of the Company.

The Company reserves the right to negotiate with one or more prospective investors at any time and to enter into a definitive agreement relating to a Transaction with the Company without prior notice. Also, the Company reserves the right, at any time, to terminate the further participation in the investigation and proposal process by any party and to modify any procedures without giving advance notice or providing any reason.

**NEITHER THIS CONFIDENTIAL MEMORANDUM NOR ITS DELIVERY TO YOU SHALL CONSTITUTE OR BE CONSTRUED TO BE AN OFFER TO SELL ANY SECURITIES OF THE COMPANY. THIS DESCRIPTIVE MEMORANDUM SHALL NOT BE DEEMED AN INDICATION OF THE STATE OF AFFAIRS OF THE COMPANY.**

**THIS MEMORANDUM CONTAINS CERTAIN PROJECTED FINANCIAL INFORMATION THAT REFLECTS MANAGEMENT'S PROJECTIONS AS TO THE ANTICIPATED FUTURE RESULTS BASED UPON ASSUMPTIONS THAT ARE INHERENTLY UNCERTAIN, INCLUDING ASSUMPTIONS AS TO THE SIZE OF THE MARKET IN WHICH IT COMPETES, THE COMPANY'S MARKET SHARE, GENERAL INDUSTRY CONDITIONS AND OTHER FACTORS. THE ASSUMPTIONS ARE BASED UPON MANAGEMENT'S JUDGMENT AND ARE DEPENDENT ON MANY FACTORS OVER WHICH THE COMPANY HAS NO CONTROL. AS A RESULT, NO REPRESENTATION OR WARRANTY IS MADE AS TO THE FEASIBILITY OF THE PROJECTED FINANCIAL INFORMATION OR THE ACCURACY OR COMPLETENESS OF THE ASSUMPTIONS FROM WHICH THE PROJECTED FINANCIAL INFORMATION ARE DERIVED. THERE CAN BE NO ASSURANCE THAT THE PROJECTIONS WILL BE REALIZED. IT CAN BE EXPECTED THAT ACTUAL RESULTS WILL VARY FROM THOSE SET FORTH IN THE PROJECTIONS, AND THAT THE VARIATIONS MAY BE MATERIAL AND ADVERSE.**

**THIS MEMORANDUM ALSO INCLUDES CERTAIN INDUSTRY STATISTICS BASED, IN WHOLE OR IN PART, ON INFORMATION GATHERED BY THE COMPANY AND THE ESTIMATES OF MANAGEMENT. NO REPRESENTATION OR WARRANTY IS MADE AS TO THE ACCURACY OR COMPLETENESS OF SUCH STATISTICS OR THE ACCURACY OR COMPLETENESS OF THE ESTIMATES OR OTHER INFORMATION FROM WHICH THE STATISTICS ARE DERIVED.**

All communications relating to this material or a possible transaction involving the Company should be directed to, co-owner. Neither the Company nor any of its customers, affiliates or employees may be contacted directly.

**Table of Contents**

**Executive Summary ..... 6**

    Business Description..... 6

    Product and Services..... 6

    The Market..... 7

    The Competition ..... 7

    Operations ..... 7

    Management Team ..... 7

    Risk / Opportunity ..... 8

    Financial Requirements..... 8

    Financial Summary ..... 8

**Business Description ..... 10**

    1.1. Industry Overview..... 10

    1.2. Company Description..... 11

    1.3. History and Current Status..... 11

    1.4. Goals and Objectives..... 11

    1.5. Critical Success Factors..... 12

    1.6. Company Ownership..... 12

    1.7. Exit Strategy..... 13

**Services..... 14**

    2.1. Service Description..... 14

    2.2. Unique Features or Proprietary Aspects of Product/Service ..... 16

    2.3. New and Follow-on Products/Services..... 16

**The Market..... 17**

    3.1. Industry Analysis ..... 17

    3.2. Market Analysis ..... 21

    3.3. Competitor Analysis ..... 25

**Marketing Strategies and Sales..... 29**

    4.1. Introduction ..... 29

    4.2. Market Segmentation Strategy ..... 29

    4.3. Targeting Strategy ..... 29

    4.4. Positioning Strategy..... 30

4.5.	Product/Service Strategy .....	30
4.6.	Pricing Strategy.....	30
4.7.	Promotion and Advertising Strategy .....	31
4.8.	Sales Strategy.....	32
4.9.	Sales Forecasts .....	34
<b>Management.....</b>		<b>36</b>
5.1.	Company Organization.....	36
5.2.	Management Structure and Style.....	36
5.3.	Legal Structure.....	37
<b>Operations .....</b>		<b>38</b>
6.1.	Operations Strategy.....	38
6.2.	Scope of Operations.....	38
6.3.	Location .....	38
6.4.	Personnel.....	39
6.5.	Operations Expenses.....	40
<b>Financials .....</b>		<b>42</b>
7.1.	Start-up Funds .....	42
7.2.	Assumptions.....	42
7.3.	Break-Even Analysis.....	43
7.4.	Balance Sheet.....	44
7.5.	Income Statement.....	45
7.6.	Cash Flow.....	46
7.7.	Ratio Analysis .....	47
<b>Funding Request.....</b>		<b>48</b>
8.1.	Capital Requirements .....	48
8.2.	Risk/Opportunity .....	48
<b>Appendix .....</b>		<b>49</b>
9.1.	Year 1 - Monthly Profit & Loss Proforma.....	49
9.2.	Year 1 -Monthly Unit Sales.....	50
9.3.	Year 1 - Monthly Unit Prices.....	50
9.4.	Year 1 - Monthly Sales Forecast.....	51
9.5.	Year 1 - Monthly Direct Unit Costs Forecast .....	51
9.6.	Year 1 - Monthly Direct Cost of Sales Forecast .....	52

## Executive Summary

### Business Description

*Fitness Center Company* is a unique fitness facility with a strong focus on providing practical lifestyle enhancement to its members in an upbeat, friendly, yet adult-oriented atmosphere. As a first-class exercise facility, the company promises to deliver the highest level of personal service and attention to its members.

### Product and Services

*Fitness Center Company* provides its members with the latest in fitness and martial arts techniques. From group or corporate, to individual training, the company will customize specific programs geared for all fitness enthusiasts, from beginners to professional.

Fitness programs offered include:

<b>Tone &amp; Fit</b>	A group fitness training program geared to groups of individuals seeking to be motivated by those within the group.
<b>Private Fit</b>	A private training program uniquely designed for clients seeking to find their fitness comfort zone through personalized, one to one training, in a stress free, structured environment. Semi-private sessions for 2 and 3 participants are also available.
<b>Boot Camps</b>	An intensive fitness and weight loss program geared to individuals superior results.
<b>Private Group Fit</b>	A personalized training program designed with the group's overall fitness goals in mind, whether it's weight loss, muscle tone, flexibility or a combination.
<b>Corporate Fit</b>	A type of <i>Private Group Fit</i> that is designed specifically for corporations. Customized and appealing to clients in both large and small corporate societies.
<b>Karate Fit</b>	A fully graded Karate program designed to get the participants in shape while developing overall mind body discipline and, at the same time, participants have fun.
<b>Yoga Control</b>	Using the Hatha Yoga methods, the programs are designed to provide strength, flexibility and relaxation.

### The Market

The Canadian Health and Fitness Club Industry has been experiencing tremendous growth for a number of years, with revenues totaling approximately 2.22 (CDN) billion dollars in 2008. Total memberships in 2008 were approximately 5.3 million, with approximately 16.2% of the Canadian population being enrolled in a local fitness centre. Personal training continues to be the strongest growth segment of the fitness industry. This trend is expected to continue as personal trainers expand their services beyond a general exercise program.

### The Competition

Competition within the Canadian Health and Fitness Industry is fiercely intense, diverse and fragmented. The number of health and fitness centers is expanding rapidly, specifically within the larger metropolitan areas in Canada.

Fitness centers have become more specialized, offering unique services and providing a large range of fitness related services to their members.

The larger fitness chains, such as; Good Life Fitness, Extreme Fitness and Curves, tend to dominate the market. However, a trend for unique fitness services, such as those of Greco Lean and Fit, Free Form Fitness etc., are increasing in popularity as individuals seek a more specialized and alternative methods to achieve physical fitness.

### Operations

The day to day operations of *Fitness Center Company* will be focused on delivering exceptional group training and personal training services, within a positive and inviting atmosphere.

The *Fitness Center Company* facility will be approximately 3,000 square feet, and include adequate workout rooms, office and administrative areas, and washrooms/showers.

The staff at *Fitness Center Company* will be selected on the basis of being the top in their perspective fields. Staff members will include personal trainers, sales and marketing specialist, an administrative assistant, and facilities maintenance personnel.

### Management Team

The management team is composed of the solid experience of Owner 1, a 20 veteran in the health and fitness industry, a former martial arts and fitness center owner, a

certified personal trainer and second degree black belt recipient in the martial arts of Karate.

The management structure at *Fitness Center Company* will be uniquely setup to establish long term growth and sustainability. The day to day operations of *Fitness Center Company* will be managed by Owner 1.

Risk / Opportunity

The greatest risks deliberating the success of *Fitness Center Company* are market and execution risk. Because of the sensitivity of the fitness industry, *Fitness Center Company* would have to be cognizant and aware of the changing developments in these areas.

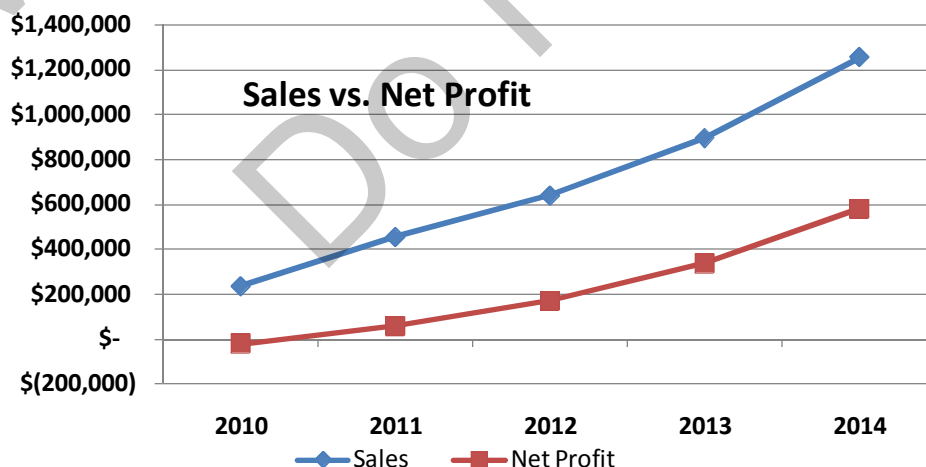
The opportunities for *Fitness Center Company* are significant; and the company is in a position to become a major force in the industry, providing unique group fitness programs and personal training. This can only be established with adequate resources, available capital, and strategic marketing implementation.

Financial Requirements

In order to establish a successful launch of *Fitness Center Company*, and support comfortably its growth through the first two years, the management team estimates an overall start-up budget of \$46,000 (forty-six thousand dollars).

Financial Summary

*Fitness Center Company* is expected to achieve sales of \$1.25 million by Year 5 (2014). Net Profits are expected to reach just over \$580,000 for the same Year.

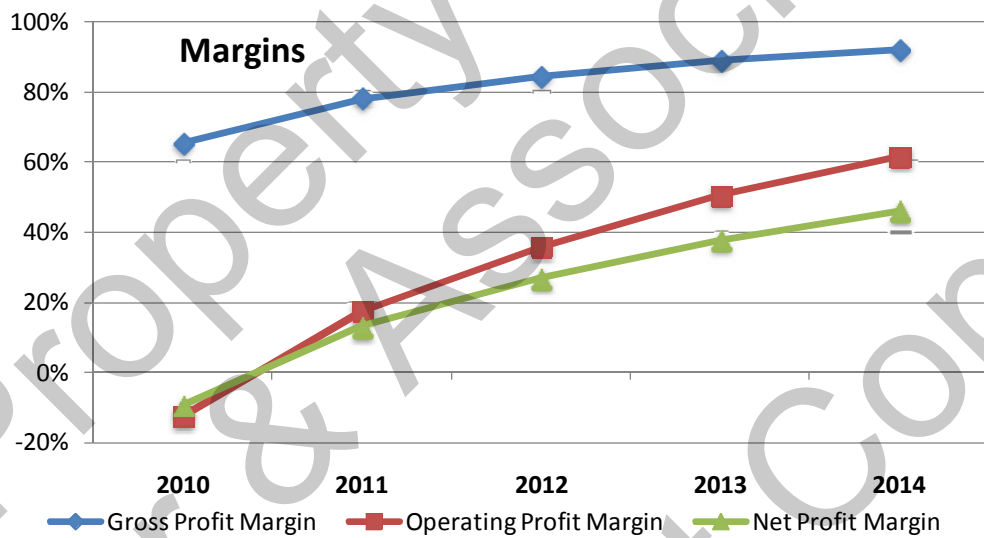




**FITNESS CENTER BUSINESS PLAN SAMPLE**

	2010	2011	2012	2013	2014
<b>Sales</b>	\$239,741	\$455,539	\$640,421	\$896,589	\$1,255,225
<b>Net Profit</b>	\$(27,529)	\$59,962	\$172,367	\$340,895	\$584,987

Gross Profit margins will on average be at 82% for the five year period, with Operating Margins increasing steadily from -11% on Year 1 to 62% by Year 5. Net Profit margins will continue to increase annually, with a target of 47% by Year 5.



	2010	2011	2012	2013	2014	5 Yr. Avg.
<b>Gross Profit Margin</b>	66%	78%	84%	89%	92%	82%
<b>Operating Profit Margin</b>	-11%	18%	36%	51%	62%	31%
<b>Net Profit Margin</b>	-11%	13%	27%	38%	47%	23%

## Business Description



*Fitness Center Company* is a unique fitness facility, with a strong focus on providing practical lifestyle enhancement to its members in an upbeat, friendly, yet adult-oriented atmosphere. As a first-class exercise facility, the company promises to deliver the highest level of group training and personal training service and attention to its members.

*Fitness Center Company* is currently located at 1061 Merivale Road, Ottawa, ON, but will be looking to relocate at the end of July, 2010. The Company's permanent location is currently being sourced through a number of major realty organizations.

While *Fitness Center Company* would be considered a "start-up," the members of the management team have previously owned a similar type of facility, catering to martial-arts and fitness enthusiasts.

*Fitness Center Company* will target middle to upper income individuals, and professionals, between the ages of 30 - 65, living / working in the region of Ottawa, Ontario.

The fitness industry presents a number of challenges including; retention, attrition and competition. In order to respond to these challenges, *Fitness Center Company* will combine a strategic company focus, along with relationship management strategies, and a high standard of service to ensure that every client receives the ultimate experience in fitness training.

### 1.1. Industry Overview

The fitness industry is one of the fastest growing industries. Financial Week magazine listed the fitness sector as one of the few industries that prospered in 2009, with an approximate growth of 2.2%. Some of the main reasons include; increasing risk of disease related to obesity, and the increase in the "Baby Boomer" population exploring new ways to maintain their independence and functionality. Entrepreneur Magazine reports that fitness is a \$17.6 billion dollar industry that has doubled in size in the last 10 years.

There is an increasing popularity by individuals for the need of becoming fit. Obesity affects 300 million people worldwide. Nearly 130 million adults in US are overweight, and 61 million are obese. According to Statistics Canada, approximately 51% (17.2 million) of Canadian adults reported excess weight in 2008. Risk for heart disease and high blood pressure is 2 to 4 times higher among the over 18 million North Americans with diabetes. In Canada, annual medical spending for the treatment of overweight and obese people is nearly 9% of all health expenditures.

### 1.2. Company Description

*Fitness Center Company* will operate as a Limited Liability Corporation. *Fitness Center Company* is newly formed business derived from an existed business, with a diverse number of service offerings and unique business model.

The Company operates in the fitness industry, offering a unique style of fitness training geared toward clients who are seeking long term results, better lifestyle as a result of being fit and a healthier body and mind. *Fitness Center Company* is located in the city of Ottawa, Canada's fourth largest census metropolitan area and capital city.

### 1.3. History and Current Status

*Fitness Center Company* originated from the extension of a previous business owned by Owner 1, "Elite Martial Arts and Fitness Center." The company was formed to cater to the increasing demand from clients seeking a number of alternative methods to achieving physical fitness.

### Mission Statement

To provide first-class comprehensive fitness and nutritional solutions designed to enhance its members' health and well-being. It does this in a friendly non-intimidating atmosphere and by focusing on superior personal service and attention to detail.

Get Fit. Stay Fit. Have Fun.

### 1.4. Goals and Objectives

The company's goals and objectives include;

- Increase the client base by 100 customers within the first year of operation.
- Relocating to a large and more appropriate location facility by the first year of operation.
- Increase total memberships to 500 within 5 years.

1.5. Critical Success Factors

The critical success factors required for the success for the company include;

1. **Client Retention** - Retaining new clients, particularly within the first year of operation, will be very important in order to achieve the company’s projected sales objectives. To ensure the required number of clients are retained quickly, *Fitness Center Company* will allocate a substantial part of the company’s budget to marketing and promotion activities.
2. **Low Attrition Rate** - By keeping the rate of clients that no longer require a membership with *Fitness Center Company* at a low rate, the company will be able to achieve the sales objectives and increase the client base.
3. **Brand Recognition** - Building awareness and name-brand recognition will be key to retaining new clients and achieving sustainable growth. Once this has been achieved effectively, the market will come to view *Fitness Center Company* as a leader in fitness and specialized training.
4. **Superior Customer Satisfaction** - Within any service oriented business, growth and stability is dependent on the ultimate satisfaction of a company’s clients. By delivering superior customer service to all of its clients, *Fitness Center Company* will be able to establish a low attrition rate and also capitalize on the “Word of Mouth” marketing concept.
5. **Superior Facility** - Securing an adequate facility is very important to effectively service the needs of the company’s clients, including; adequate floor space required for the specializing training services, areas to shower and change facilities, abundant parking space, and easy access by multiple methods of transportation.

1.6. Company Ownership

The ownership of the company will divided between the two individuals, Owner 1 and Owner 2.

As of April 1, 2010			
	Title	# of Shares	% of Ownership
Owner 1	Co-Owner	50	50
Owner 2	Co-Owner	50	50
	TOTAL	100	

### 1.7. Exit Strategy

A number of possible long term exit strategies have been identified.

1. **Sale of the Company** - *Fitness Center Company* will sell all its assets to a buyer in search of establishing a new business within the fitness industry, or a buyer with an already established brand in search of expanding their operations.
2. **Merger** - *Fitness Center Company* will explore the possibility to merge with another health and fitness organization seeking to incorporate the company's unique services into their similar type business model.
3. **Liquidate All Assets** - *Fitness Center Company* achieve liquidity by diluting the business operations and selling all assets.

## Services

### 2.1. Service Description

*Fitness Center Company* provides the following fitness services:

#### Tone and Fit

*Fitness Center Company* recognizes that there is definitely strength in numbers, which is why the company has designed a group training program that is amongst the finest in the area. The group training programs allow clients to become a support system onto one another helping them to reach their personal health goals. The Tone and Fit program is designed to provide the optimal amount of strength training, flexibility and cardiovascular exercises. Tone and Fit includes a combination of weight training, cardio, yoga, Pilates and martial arts.

#### Private Fit

This program allows clients to find their fitness comfort zone through personalized, one to one training and allows the participants to open up in a stress free, structured environment. Semi-private sessions for 2 and 3 participants, are also available.



#### Boot Camps

Losing that last 10-20 pounds can be the most difficult task of all which is why *Fitness Center Company* has developed fitness boot camps. The emphasis is on weight loss and to prepare the participant(s) for a long term fitness plan. Participants are encouraged to work at their own pace while feeding off the energy and drive of other participants.

#### Private Group Fit

Private Group Fit programs are designed with the “group's” overall fitness goals in mind, whether it's weight loss, muscle tone, flexibility or a combination. Groups can be teams, businesses, families, friends or whatever group of people want to get together for common fitness goals. The program allows the groups to focus on their overall goals without the distraction of a larger group atmosphere. Groups can vary from as few as 4 people to as many as 15 or more.

Corporate Fit is a type of Private Group Fit designed specifically for corporations. Now more than ever before, corporations are beginning to recognize the manner in which health impacts their bottom lines. It is quite simple - a healthy employee equals a more productive employee equals a better end of the year balance sheet. To satisfy this growing need, *Fitness Center Company* develops customized corporate wellness programs that appeal to clients in both large and small corporate societies.

Karate Fit

This program is a fully graded Karate program designed to get the participants in shape, while developing overall mind body discipline and, at the same time, have fun.

Yoga Control

Yoga Control is designed to provide its participants the benefits of mind and body control, through the use of Hatha Yoga.

**SERVICE DESCRIPTIONS / RATES / FREQUENCY**

Product Name	Duration	Sessions	Per Month	Price	Per Month	Per Session
Group Fit (TF,K,Y)	Drop In	1	1	\$10	\$10	\$10
Group Fit (TF,K,Y)	4 weeks	20	20	\$100	\$100	\$5.00
Group Fit (TF,K,Y)	8 weeks	40	20	\$190	\$95	\$4.75
Group Fit (TF,K,Y)	12 weeks	60	20	\$270	\$90	\$4.50
Group Fit (TF,K,Y)	24 weeks	120	20	\$520	\$85	\$4.25
Private Fit	1 sessions	1	1	\$80	\$80	\$80
Private Fit	4 sessions	4	4	\$300	\$300	\$75
Private Fit	8 sessions	8	4	\$560	\$280	\$70
Private Fit	12 sessions	12	4	\$780	\$260	\$65
Semi Private (2 or 3)	1 session	1	1	\$100	\$100	\$50
Semi Private (2 or 3)	4 sessions	4	4	\$360	\$360	\$45
Semi Private (2 or 3)	8 sessions	8	4	\$640	\$320	\$40
Semi Private (2 or 3)	12 sessions	12	4	\$840	\$280	\$35
Boot Fit Camp	4 weeks	28	28	\$300	\$300	\$10.72
Private Group (4+)	1 session	1	1	\$225	\$225	\$225/group
Private Group (4+)	4 sessions	4	4	\$800	\$800	\$200/group
Private Group (4+)	8 sessions	8	4	\$1400	\$700	\$175/group
Private Group (4+)	12 sessions	12	4	\$1800	\$600	\$150/group

Note: TF = Tone and Fit, K = Karate, Y = Yoga

**ULTIMATE PACKAGE DEALS**

Package	Duration	Price
<b><i>Tone and Fit Complete</i></b> - consultation, 12 weeks group sessions unlimited, 4 private lessons, nutrition plan, workbook	12 weeks	\$599
<b><i>Super Fit Complete</i></b> - 2 consultations, 24 weeks group sessions unlimited, 8 private lessons, nutrition plan, workbook	24 weeks	\$1099

**2.2. Unique Features or Proprietary Aspects of Product/Service**

The training programs offered at *Fitness Center Company* are unique in the sense that they offer “total body” fitness, in comparison to just targeting specific areas of the body.

The main benefit to this type of fitness regime is that it caters to the main goals of its clients, which includes losing weight, staying fit, and increasing performance. This is all accomplished in a “fun” and “safe” manner that helps clients to stay motivated and focused.

Each program is designed specifically to meet the goals and needs of the client, from beginners to professional athletes.



**2.3. New and Follow-on Products/Services**

The long term strategy is to open 1 new facility location per year. The business model is easily extendable due to the low overhead of costs in operating these facilities. Because these facilities are not equipment based, startup costs are also low.

Indirect costs are limited with “marketing” costs being a large percentage of these overall costs. As the brand develops, these costs will also be reduced. Direct costs (trainers) are based on demand and will be directly aligned with the various programs and adjusted accordingly.

A “non-franchise franchise” model will be applied to each new facility. A franchise owner will not be required to provide startup funds. *Fitness Center Company* will provide all programs, branding and marketing services. The franchisee owner will only be responsible for the ongoing operations and for the profit and loss of their facility. *Fitness Center Company* will receive a percentage of total revenues.



## The Market

### 3.1. Industry Analysis

In 2008, the global health club industry generated an estimated (CAD) \$69.6 billion in total revenue, serving nearly 117,500,000 members at more than 122,000 facilities worldwide. This represents solid growth across the board from 2007, when 108,059 clubs served 106,774,500 members and brought in (CAD) \$62.3 billion in revenue.

#### GLOBAL MARKET SIZE & SCOPE

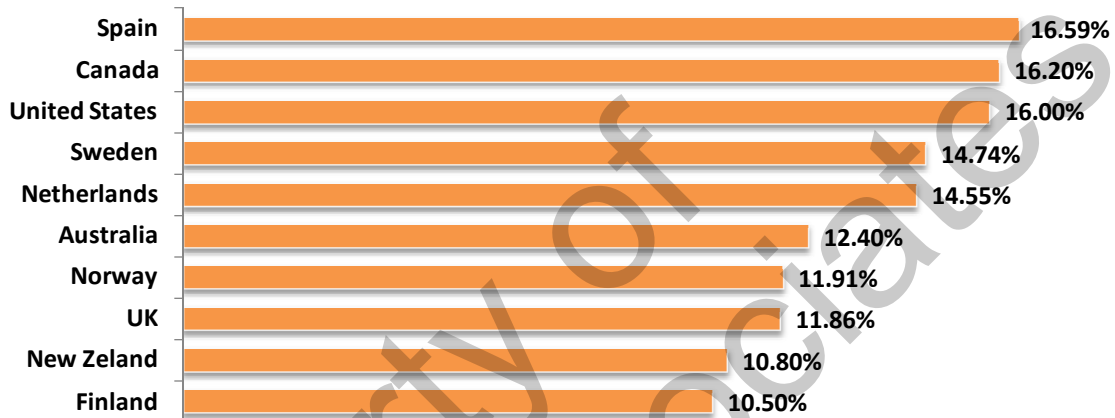
	Total Industry Revenue (USD)	Total # of Clubs	Total # of Members
Europe	\$33,292,523,912	46,736	40,685,750
North America	\$22,699,904,000	35,759	53,438,100
United States	\$19,100,000,000	30,022	45,570,000
Canada	\$2,101,000,000	5,047	5,370,000
Mexico	\$1,498,904,000	2,200	2,498,100
Asia	\$8,575,700,000	16,390	12,974,000
Australia	\$2,207,000,000	3,200	3,010,000
South America	\$1,365,760,000	19,638	6,002,000
Africa	\$26,419,683	750	1,379,525
<b>Total</b>	<b>\$68,167,307,595</b>	<b>122,473</b>	<b>117,489,375</b>

Source: The IHRSA Global Report 2009

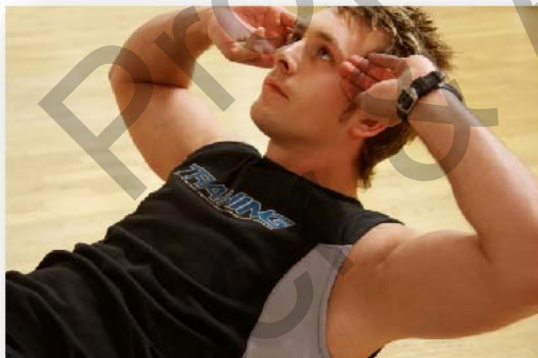
According to the International Health, Racquet and Sportsclub Association, the Canadian health and fitness club industry revenue (CDN) totaled approximately 2.22 billion dollars in 2008, an increase of 16.2% year over year in comparison to 2007. There were 5,047 clubs in Canada in 2008, an increase of 3% year over year in comparison to 2007. Total memberships grew by 735,000, to 5,370,000 in 2008 from the previous year of 4,635,000.

Approximately 16.20% of the Canadian population were members of a health club in 2008. In comparison to the Top Global Markets, Canada was second to Spain with regards to the % of the population that participated in the industry.

**Top 10 Global Markets  
Members as % of Population**



Sources: Americas: U.S.: IHRSA analysis and American Sports Data, Inc. Canada: Industry Experts; Asia-Pacific: 2008 IHRSA Asia- Pacific Market Report (Deloitte analysis); Europe: 2008 IHRSA Europe Market Report (Deloitte and GfK analysis)



The industry offers a wide array of services ranging from athletic clubs to dance centers. The largest product segment is health and fitness centers (including gyms), which draw approximately 41.1% of total industry revenue. This segment dominates the industry due to a high participation rate - 39.3% of people aged 7 and older worked out at a club at least once in 2008 according to the National Sporting Goods Association (NSGA).

The activity is also non-seasonal, as many health and fitness centers offer membership packages which commit a member for a certain period of time, and so are able to draw revenue on a consistent basis year round. Clubs offer a range of activities, and continue to add new classes and recreation options to their members (e.g. Pilates, spa services, etc.). There are various kinds of health and fitness clubs which cater to different markets. Examples include women only gyms (Curves International), premium full service health clubs, 24 hour gyms, body building gyms, and so on.

Industry Trends

According to a recent survey, conducted by the American College of Sports Medicine (ACSM), the increased importance of experienced, and educated, fitness professionals was identified as the top trend of 2010. This is likely due to increased industry regulation and an influx of specialty certifications, as well as educational programs, available for these professionals. The trend is moving away from the self-serve equipment-based facilities and the “one-size-fits-all” approach to fitness.

A recent survey completed by nearly 1,500 respondents worldwide, reveal the following top 10 trends for 2010:

Top 10 Trends 2010	
1.	<b>Educated and Experienced Fitness Professionals</b> - There is an increase of qualified professionals due to the number of organizations offering health and fitness certifications.
2.	<b>Strength training</b> - Strength training is an essential part of a complete physical activity program.
3.	<b>Children and obesity</b> - Because of the growing global problem, there is an increasing market demand for programs tailored to overweight and obese children.
4.	<b>Personal training</b> - More health and fitness facilities are staffing their facilities with educated, trained and fully certified health and fitness professionals.
5.	<b>Core training</b> - Core Training emphasizes conditioning of the middle-body muscles, including; the pelvis, lower back, hips and abdomen, to strengthen and support the spine.
6.	<b>Special fitness programs for older adults</b> - Health and fitness professionals are designing age-appropriate fitness programs specifically to target the growing baby boomer population.
7.	<b>Functional fitness</b> - This type of fitness regime uses strength training to improve balance and ease of daily living.
8.	<b>Sport-specific training</b> - During the off-season, more and more young athletes are incorporating a comprehensive training program to stay in top shape for their specific sport. There is a growing demand for strength and endurance training.
9.	<b>Pilates</b> - A type of training used to improve flexibility and posture, Pilates continue to be an essential program in many health and fitness clubs.
10.	<b>Group personal training</b> - Training in small groups provides a financial relieve to the current economic difficulties being experienced globally.

Source: American College of Sports Medicine (ACSM)

### Personal Trainers

Personal training continues to be the strongest growth segment of the fitness industry. This trend is expected to continue as personal trainers expand their services beyond a general exercise program.

The record-setting pace is the result of a number of factors, including: ongoing growth in the number of health clubs; a public better educated about the benefits of fitness; increased industry professionalism; development of industry career paths; and greater career opportunities.

IDEA Health and Fitness Association estimated that in the late-1990s there were about 65,000 personal trainers practicing in the US. The Department of Labor, however, indicated that in the early 2000s the numbers had increased to 100,000 certified personal trainers. Various industry reports estimate this figure to have more than doubled to about 160,000 in 2009.

An industry survey indicated that 42% of personal trainers had a bachelor's degree; 23% had some college or vocational training and 32% had postgraduate studies or degrees and nearly 94% were separately certified as personal trainers. Personal trainers were found to work at one or more of health clubs (46% of the total), client's homes (38%), personal training facilities (18%), wellness and recreation centers (8%) and corporate locations (5%). While 37% of trainers worked 25 hours a week or more, the rest worked less than this.

Other data from SGMA International indicated that in 2001, personal trainers' services in the US were used by five million people, 61% of their clients were aged over 35 years, and 20% were over the age of 55 years, the average household income of clients was \$71,000 and two-thirds of services were provided at health clubs. However, it was also found that the use of personal trainers was greatest in the first year of a person's membership to a health club, after which the use of these services declined.

Personal training services offered by health clubs is, by far, the most profitable service offered, followed by a fair margin by massage therapy, pro shop sales and aquatics programs.

Revenue volatility of the fitness industry overall is low, given the diversity of activities available. However, most components rely on discretionary income and household expenditure. The industry is therefore vulnerable to changes in the economic situation and to consumer sentiment. Also, fluctuations in demand for higher priced/value-added and expensive add-ons to the basic service occur with changes in the economic climate.

### Functional Fitness Training

Functional training has its origins in rehabilitation. Physical therapists developed exercises that mimicked what patients did at home or work in order to return to their lives or jobs after an injury or surgery. Thus if a patient's job required repeatedly heavy lifting, rehabilitation would be targeted towards heavy lifting, if the patient were a parent of young children, it would be targeted towards moderate lifting and endurance, and if the patient were a marathon runner, training would be targeted towards re-building endurance.

Functional Fitness involves the use of strength training to improve balance, coordination, strength, and endurance to improve one's ability to do activities of daily living. Functional fitness programs are becoming more prevalent in gyms and fitness centers.

Functional fitness training replaces the isolated movements of traditional strength training with a more integrated exercise regimen that incorporate the entire kinetic chain.

### 3.2. Market Analysis

Ottawa is a government town with a relatively stable economy and a high percentage of white collar workers. The current economic recession has had some effect on the population but minimal compared to other areas of the country. Ottawa has experienced a number of failed big gym businesses, which has created a lack of trust for potential new members.

Ottawa is also considered the 4th cleanest city in the world by Forbes magazine and the 18th most liveable city in the world according to the "Mercer Human Resource Consulting Quality of Living Survey".



### Market Segment and Target Market

*Fitness Center Company* will segment the marketplace in accordance to the various fitness services available to its clients; Group (One with Many) Fitness and Private (One on One) Fitness training services.

Group fitness training clients include: individuals who are working in small/medium sized organizations and are seeking to improve their fitness abilities amongst their

peers; individuals who financially cannot afford the private training services but would like the same benefits and results; and those individuals who view and enjoy fitness training as a method to socialize and meet other similar minded individuals.

Private fitness training clients are those who are interested in obtaining the maximum results through a private consultation. Examples of such clients include: business executives with intensive working schedules; athletic enthusiasts already participating in a certain sport but want to increase their performance; parents with limited schedule time; and clients who prefer this style of training.

Specific target market characteristics include;

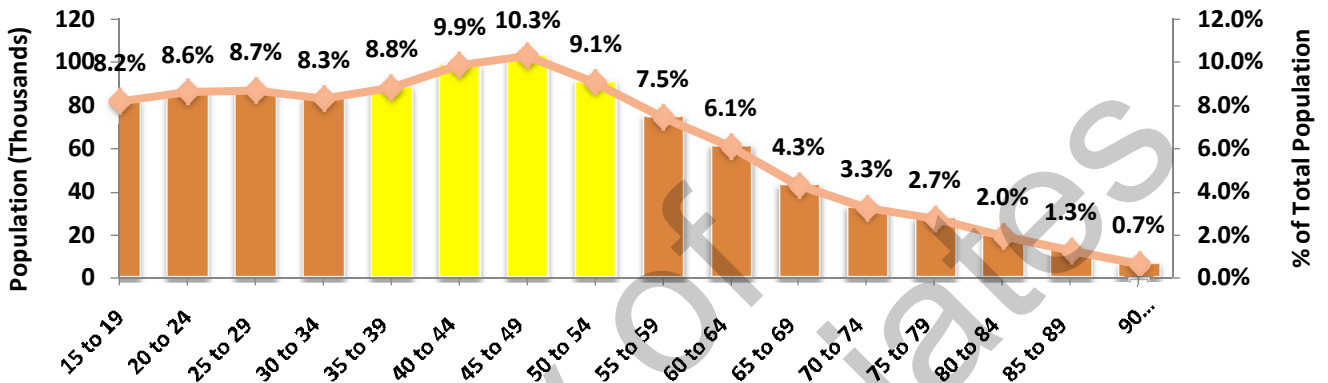
Category	Specific Details
<b>Income Bracket</b>	Middle to Upper
<b>Household Gross Income</b>	\$50 - \$75k annually
<b>Ages</b>	30 - 65
<b>Sex</b>	Males /Females
<b>Education</b>	High School Diploma and Above
<b>Geographic</b>	Located approximately 10 – 15 kilometers driving distance from the studio.
<b>Social Characteristics</b>	Focused on eating healthy foods. Actively lifestyle Prime concern about health and wellness.

Population

In 2008, the total population for the Ottawa-Gatineau Ontario/Quebec was approximately 1,201,300 million, making it the fifth-largest census metropolitan area (CMA) in Canada. Within the age groups, the total population for those between the ages of 15 and over is approximately 998,560, or 83.3% of the total population.

The highest percentage of those ages 15 and over was between 45 - 49 years old at 10.3%. Among the country’s large urban areas, Ottawa has a young population with 47% of the population under 35 years of age.

**2008 Population - 15 Years of Age and Over**



Source: Statistics Canada

**Income / Expenditure Statistics**

According to Statistics Canada, the average income family in the Ottawa-Gatineau Ontario/Quebec region earned approximately \$77,450 CAD in 2006, which is higher than the Canadian average of \$63,600. Of all family types, couple families had the highest incomes. Lone parent families had significantly lower incomes, with female lone parent families significantly below the average income level of male lone parent families.

***Household Expenditure Summary-Level Categories***

	2006	% of Total
Food	7,800	14.3%
Shelter	14,932	27.4%
Household operation	3,438	6.3%
Household furnishings and equipment	2,715	5.0%
Clothing	2,921	5.4%
Transportation	9,324	17.1%
Health care	1,893	3.5%
Personal care	1,261	2.3%
Recreation	5,078	9.3%
Reading materials and other printed matter	353	0.6%
Education	1,699	3.1%
Tobacco products and alcoholic beverages	1,280	2.4%
Games of chance (net)	210	0.4%
Miscellaneous expenditures	1,512	2.8%

Source: Statistics Canada

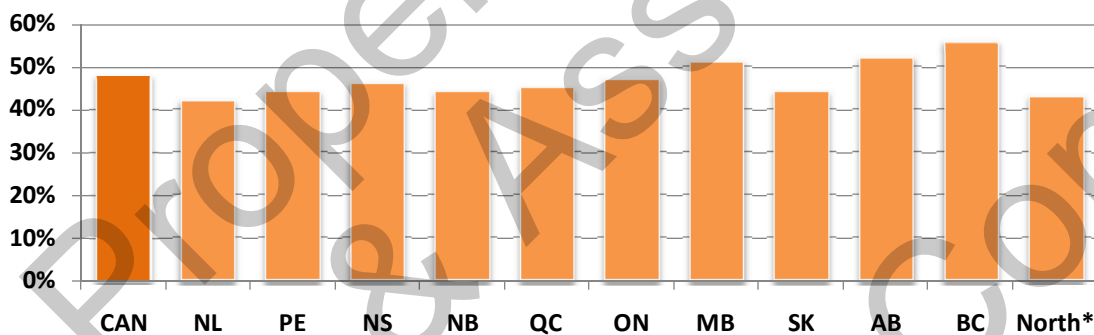
In 2006, average household expenditure for families living in the Ottawa-Gatineau Ontario/Quebec regions was \$54,416 CAD, compare to the average for all of Canada at \$50,771 CAD.

The top 5 highest expenditures in the region were shelter (27.4%), transportation (17.1%), food (14.3%), recreation (9.3%) and household operation (6.3%).

**Physical Activity In Canada**

In 2007 - 2008, 48% of Canadians aged 20+ years were at least moderately active, with 52% of all Canadians being inactive. This proportion has remained relatively unchanged since 2003.

***Leisure-time Physical Activity (% at least moderately active),  
Canadians 20+ years, by region***



\*\* 'North' includes Yukon, Northwest Territories, and Nunavut  
Source: Canadian Community Health Survey, 2007/8, Statistics Canada

Adults with higher socioeconomic status are more likely to be at least moderately active than those of lower socioeconomic status.

Men are more likely to be at least moderately active than women. The proportion of people, who are at least moderately active, decreases with increasing age group.

In 2003, provincial and territorial Ministers responsible for sport, recreation, and fitness and the Federal Minister of Health set a goal to increase levels of physical activity by 10 percentage points in each province and territory by 2010.

**Aerobic Fitness Ratings In Canada**

In Canada, 31.1% of women aged 15 to 69 and 32.2% of men were categorized as having a "Good" health benefit rating. This category represents the largest proportion of Canadian adults. When looking at both ends of the spectrum, more adults have a "Needs Improvement" and "Fair" health benefit rating as opposed to "Very Good" and "Excellent"



*Health benefit rating of Canadian adults aged 15 to 69  
Based on their aerobic fitness scores*



Source: Canadian Health Measures Survey, 2007 to 2009

### 3.3. Competitor Analysis

Over the past five years, the Gym, Health & Fitness Clubs industry has become more competitive in Canada. Well financed competitors have entered the industry, and existing regional and national operators have expanded their operations. Prior to the onset of the global financial crisis, operators successfully obtained financing from a broadening range of sources, including financial institutions, landlords, equipment manufacturers, private equity sources and the public capital markets.

#### Greco Lean and Fit

Ottawa Athletic Club  
2525 Lancaster Road  
Ottawa, Ontario K1B 4L5  
Tel.# (613)523-1540

Web: [www.grecoleanandfit.com](http://www.grecoleanandfit.com)

As a private company that started in 2000, Tony Greco launched the Greco Lean and Fit Centre after winning the light heavyweight IAKSA World Kick Boxing Championship title in 1995. The company offers various exercise programs including a Lean and Fit course costing approximately \$500.

Mr. Greco is very active in the fitness industry in Ottawa, including four fitness and martial arts schools, personal trainer for several NHL players, and a graduate from the Sports Performance Institute.

The company's branding strategy is to promote itself as "Canada's leading fitness specialist," and has a very aggressive promotion campaign, including a number of social media vehicles (Facebook, Twitter, LinkedIn).

In 2009, Greco Lean and Fit founded the “Foundation to Fight Obesity in Children. The foundation is focused on helping parents and children fight the rising problem with child obesity.

The company’s website includes a blog, a number of fitness videos, and an online store selling the company’s merchandise, vitamins, supplements and books.

### The Athletic Club

Ottawa Train Yards

195 Trainyards Drive,

Ottawa, Ontario K1G 3X8

Web: [www.theathleticclubs.ca](http://www.theathleticclubs.ca)

Founded in 1997 and based in London, The Athletic Club Group currently has a total of six locations in Amherstburg, Brantford, Kingsville, Thunder Bay and London.

The company plans to construct five new facilities in Ottawa, starting with a \$10-million, 65,000-square-foot building in Orleans, which will include aquatic and fitness facilities. Another others include a location at the Ottawa Train Yards Power Center and also in the western suburbs of Kanata. When completed, each club is expected to hire 100 full- and part-time employees.

### Free Form Fitness

4043 Carling Ave, Suite LL-6

Kanata, Ontario K2K 2A4

Phone Number: (613) 270-0501

Web: [www.freeformfitness.ca](http://www.freeformfitness.ca)

Started in 2006, Free Form Fitness customizes its services and places a heavy emphasis on personal training, together with integrating exercise, nutrition and healthy lifestyle habits. The company, which started off as a two-person business, now has 10 employees.

Free Form Fitness was a finalist for best new business in Kanata 2007 and a finalist for best business in 2008. The company caters to clients are who are self-employed and also to business executives.

### GoodLife Fitness

50 Rideau St.,

Ottawa Ontario, K1N 9J7

Phone: (613) 567-0037

Web: [www.goodlifefitness.com](http://www.goodlifefitness.com)

Started in 1979, GoodLife Fitness is one of the only national Canadian clubs with 275 facilities, approximately 8,000 employees, and more than 550,000 members. It's the largest Canadian chain, as well as the largest chain owned by a single individual in the world. In 2009, the company experienced its best year ever with revenues and profits increasing by approximately 20% to 25%.

GoodLife has been honored as one of Canada's 50 Best Managed Companies (2003-2008) and as the recipient of its Consumers Choice Award (2001-2009). The company is planning for another 200 lower membership priced clubs, as well as an additional 200-300 24-hour clubs; bringing its total to 600-700 clubs.

### Barriers to Entry

Overall, entry barriers to this industry are relatively low. Barriers to entry in urban markets include restrictive zoning laws, lengthy permit processes and a shortage of appropriate real estate. Leasing operations, however, provide a relatively lower cost basis for entry. It can also be costly to acquire or lease the required equipment for members and participants to use. New entrants therefore need access to capital in order to fund these startup costs.

The high cost and long-term nature of brand reputation is a potential barrier to success. Existing players have already established trade names, and new entrants will have to invest money and time to persuade the population to shift away from existing trade names.

### Cost Structure

In the US, industry profits represented about 8.9% of industry revenue in 2009. Profit is expected to decline by about 3.9% compared with 2008, to \$2.2 billion. This is the second year of decline in industry profits, and is attributable to the poor US economic environment, where firms will spend more to retain their current members as well as attract new ones.

Studies have found that the average attrition rate for gyms in the US is 37%, meaning that 37 out of 100 people will cancel their memberships each year. Furthermore, the cost of recruiting a new member is more than twice as much as the cost of retaining an existing member.

Wages are the largest cost to this industry, and in 2009 wages will account for 30.8% of revenue. A significant proportion of these workers are part-time or casual. Industry

research has identified that the average wage and salary per worker is about (CAD) \$14,110.94.

Depreciation of buildings and equipment represents another significant expense item for the industry, accounting for about 7.4% of industry revenue in 2009.

Rent accounts for about 12.5% of industry revenue. Many businesses in this industry do not own their fitness facilities and, as a result, must rent their buildings. Additionally, some equipment used in recreational and fitness centers are not purchased entirely, but rather, are purchased on a 'rent' basis, thus adding to the ongoing cost in this area.

Purchases represent another significant cost to this industry, accounting for about 19% of industry revenue. Largely, purchases include smaller types of equipment, office requirements, retail products, and other miscellaneous items.

A strong marketing support is critical in attracting and retaining members at both existing and new fitness centers. This expense accounts for 5.1% of industry revenue. Firms generally advertise via television, direct mail, newspapers, telephone directories, radio, outdoor signage, internet website, and other promotional activities.

Firms spend about 3.4% of industry revenue on utilities, with electricity usage within products areas such as lighting, treadmills, cross-trainers, steppers, and other electronic equipment.

Other costs to this industry include general administration, IT expenses, and insurance costs. This category accounts for an estimated 12.9% of revenue, where insurance has become an increasing expense.

## Marketing Strategies and Sales

### 4.1. Introduction

*Fitness Center Company* will utilize the services of a professional marketing firm, "Profit Partners," to assist with all marketing and promotional activities. *Profit Partners* is devoted exclusively to working with companies competing in the health club industry. *Profit Partners* will provide *Fitness Center Company* with the resources and consultation needed to execute all internal and external marketing campaigns.

### 4.2. Market Segmentation Strategy

As indicated in the section "4.2.1 Market Segment and Target Market," *Fitness Center Company* will segment the marketplace into two groups; Group (One with Many) and Private (One on One) Fitness. Both of these groups will be further segmented, based on the geographic and psychographic / lifestyle factors.

Geographically, *Fitness Center Company* will market its services to clients who are within a 10 - 15 kilometer, or 15 - 20 minute, driving radius from its location. The assumption is that the market segments will reside or work within a close distance and will not be discouraged from going to the fitness studio as often as possible.

The market segments selected will have unique psychographic / lifestyle characteristics that would be in need for fitness services offered at *Fitness Center Company*. Such characteristics would include individuals who are; very active, involved in sport activities, view fitness as a way of life, and want to maintain a healthy and fit body / mind.

### 4.3. Targeting Strategy

Everything *Fitness Center Company* does must be tailored to work within the time constraints of the target customer. Classes must be scheduled to fit the break and rolling lunch schedules that exist for the nearby businesses.

The focus of the instruction will also have to be tailored to a clientele that will be seeking maximum relief from the pressure of work and then returning to the workplace.

If *Fitness Center Company* can create a noticeable difference in the customers' sense of well-being, then the customer will come to depend on their instruction as an escape during the morning, the day and after work. These kinds of experiences will create a tremendous word of mouth and bring in more first time students

#### 4.4. Positioning Strategy

*Fitness Center Company* will position itself as “a unique fitness training organization offering results-oriented training programs, exceptional customer experience, and a superior training facility.”

The position strategy will enable *Fitness Center Company* to differentiate its services from the larger competitors that cater to the mass audiences, and delivery non-specific training programs.

#### 4.5. Product/Service Strategy



*Fitness Center Company* will offer group clients a distinctively designed program geared to provide diversity, enjoyment, and superior results. The fitness programs at *Fitness Center Company* are geared to motivating every client and achieving the results expected. Personal training has been recognized as the leading area of growth, within the health club industry, due to the enormous demand in the marketplace.

The small-group personal training (usually less than five individuals) programs are formulated to attract couples, families and friends, as they look to this option as a way to receive the technical instruction and close supervision of personal training at a more economical cost. As well, these programs will attract corporate clients who understand the meaning of being fit, which leads to less time off work, high energy level, and the ability produce better results with a healthy mind.

#### 4.6. Pricing Strategy

The pricing strategy implemented by *Fitness Center Company* is based on competitive market pricing. While clients in the industry are looking for value, they are also aware that a qualified personal trainer has gone through extensive certification programs in order to provide a better service, resulting in industry standard pricing.

#### 4.7. Promotion and Advertising Strategy

With the assistance of *Profit Partners*, *Fitness Center Company* will use the marketing company's systematic approach for its promotion and advertising strategy. This approach is referred to as "The Marketing Foundation," which is geared to increasing new member sales, increasing member spending, and improving member retention. *Profit Partners* will create strategies for all marketing campaigns (ads, post cards, flyers, brochures etc.), outlining specifically the "who, what, where and how often" aspects of the marketing vehicle(s).

Each promotional plan will have a 60 day duration, allowing time for inquiries and the generation of potential membership leads.

##### Marketing Objectives

The Company's overall marketing objectives, for all of its marketing campaigns will include the following:

1. To capture the attention of the target market (prospects).
2. To facilitate the prospect's decision-making process, by teaching and training people how to make the best decision when joining a gym.
3. To give the members a specific, low-risk, easy-to-take action that further facilitates their ability to make a good decision.

##### Marketing Vehicles

*Fitness Center Company* will focus on highly-targeted marketing vehicles; local newspapers, pamphlets, flyers, brochures etc., to attract and retain new members.

*Fitness Center Company* will also use its website, [www.FitnessCenterCompany.com](http://www.FitnessCenterCompany.com), as a promotion vehicle for the company. The company's website will provide information on current promotions, benefits of the fitness programs and further information on the different programs available.

##### Promotional Budget

*Fitness Center Company* will spend approximately 12.8% of its total operating expense, or \$30,000, in the first year of business on Marketing & Advertising expenses. Aside from Payroll and Rent expenses, Marketing & Advertising will be one of the highest expenditures for the company. *Fitness Center Company* will continue with a similar budget for Year 2 to 5, with annual increase of approximately \$4,000 annually.

4.8. Sales Strategy

*Fitness Center Company* will implement a number of sales strategies to achieve the expected sales results. Such strategies will include; developing unique selling points to attract new members and to communicate the company’s benefits to potential clients, current members and staff.

The following are some of the sales generating activities that the Company will incorporate into their sales strategy -

1. Continuously survey members to improve retention and provide testimonials to potential members.
2. Regularly access the local competition in order to learn about their strengths and weaknesses and also to generate better closing ratios.
3. Use the front desk (receptionist) area as a selling vehicle for promoting tours, provide membership information and be of assistance in any way possible.
4. Providing the necessary tools to the sales department to effectively sell memberships to prospects.
5. Use referrals from existing members to attract prospects.
6. Implement a lead generation systems that will provide new member leads.
7. Stay in touch with current members, prospects and misses sales opportunities in order to provide incentives and updates on any new training services.
8. Implement a formal plan to approach current members to discuss early renewals in order to increase member retention.

Lead Generation Strategies

The following are suggested “lead generation” strategies that *Fitness Center Company* will incorporate into their overall strategic marketing, which will help in generating new membership leads:

<ul style="list-style-type: none"> <li>• Host New Member Mixer each month</li> </ul>	<ul style="list-style-type: none"> <li>• Setup an Adult Education Partnership</li> </ul>
<ul style="list-style-type: none"> <li>• Place a Yellow Page ad using prospect hot buttons</li> </ul>	<ul style="list-style-type: none"> <li>• Have an annual Member Holiday Party</li> </ul>
<ul style="list-style-type: none"> <li>• Place outdoor banners that drive drop-ins</li> </ul>	<ul style="list-style-type: none"> <li>• Create a business elite program</li> </ul>
<ul style="list-style-type: none"> <li>• Establish joint ventures with local business</li> </ul>	<ul style="list-style-type: none"> <li>• Have a guest speaker program each quarter</li> </ul>



• Sponsor raffles and contests	• Become a chamber of commerce host
• Run an ex-member event	• Become a Blood Drive Sponsor
• Raise funds for Cancer research	• Invite a Diabetes check-up clinic
• Promote a weight loss contest	• Use Door Hangers within a 1 mile radius
• Setup lead boxes	• Create an afternoon Athlete Program
• Build a Prospect-Oriented Website	• Make a Free-Pass offering automatic
• Send e-newsletters to prospects	• Have multiple low risk offers
• Capture prospect information	• Have a Drip Marketing System in place

*Fitness Center Company* will incorporate a “tag line” into all of its marketing collateral in order to create a memorable phrase that will sum up the message and premise of the services offered, and to reinforce the audience's memory of the company.

The following are the “taglines” that will be incorporated into the marketing collateral;

*“Get Fit. Stay Fit. Have fun.”*

*“Lose weight and keep it off.”*

**Unique Selling Points**

The company’s unique selling points will include the following;

<b>Group Fitness Classes</b>	No need to learn how to use complicated equipment Meet people and have fun in our friendly atmosphere.
<b>Lots of variety</b>	Something for everyone. One membership provides access to all programs (Karate, Yoga, Tone and Fit)
<b>Easy contract</b>	You pick the term. Choose from 1 month, 3 months, 6 months or a 1 year memberships.
<b>Payment options</b>	No payment hassles. You pick the one that’s right for you.
<b>Great personal training</b>	Focus on your own results and get instant feedback on your progress. Training that’s tailored specifically for you.

<b>Certified staff</b>	Friendly, knowledgeable, certified trainers and instructors. Take the risk out of training by working with people that know what they are doing.
<b>Nutritional Counseling</b>	Eating and drinking plans that help you lose weight and keep it off. Guaranteed weight loss programs.
<b>Other</b>	Non-intimidating environment. Work at your own pace. Avoid injuries that can put an end to your training.

**4.9. Sales Forecasts**

The overall Sales Forecast is focused primarily on Group Fitness with additional revenue from the other programs. The first month is based on current business which is comprised of approximately 80 members. It is planned to add 10% new group members per month for the first 12 months. An additional 10% is projected on year 2 and years 3. These first year projections are higher due to the fact that there is currently no marketing.

**Unit Sales**

Unit sales include the number of classes conducted within the annual period. “Group Fit Sessions” will be the highest number of classes offered, in comparison the rest of the service offerings, with 1,440 units (classes) sold annually for the next three years. Total forecasted number of classes will be 1,992 annually, for all service groups.

Although the number of classes conducted annually for each service group will be constant, the number of members participating in each class will increase. Thus, annual sales will increase for each service group, as described in the next section.

	Year 1	Year 2	Year 3
Group Fit Sessions	1,440	1,440	1,440
Private Fit Sessions	360	360	360
Semi Private Sessions	48	48	48
Boot Camp Sessions	96	96	96
Private Group Sessions	24	24	24
Packages	24	24	24
<b>Total Unit Sales</b>	<b>1,992</b>	<b>1,992</b>	<b>1,992</b>

Dollar Sales

Dollar sales are divided by the number of fitness training services available. "Group Fit Sessions" will be the highest forecasted sales, in comparison to the rest of the service offerings, with \$153,967 for the first year, and a \$544,646 by Year 3.

Total forecasted dollar sales will be \$237,703, for the first year, with a 92% sales growth the following year, and 41% sales growth by Year 3.

	Year 1	Year 2	Year 3
<b>Group Fit Sessions</b>	\$153,967	\$369,764	\$554,646
<b>Private Fit Sessions</b>	\$27,000	\$27,000	\$27,000
<b>Semi Private Sessions</b>	\$3,600	\$3,600	\$3,600
<b>Boot Camp Sessions</b>	\$36,000	\$36,000	\$36,000
<b>Private Group Sessions</b>	\$4,800	\$4,800	\$4,800
<b>Packages</b>	\$14,376	\$14,376	\$14,376
<b>Total Sales</b>	<b>\$239,743</b>	<b>\$455,540</b>	<b>\$640,422</b>

## Management

### 5.1. Company Organization

*Fitness Center Company* will establish an agile organization that recognizes the need for smooth flow of ideas and implementation between sales, marketing and customer service.

### 5.2. Management Structure and Style

The management structure at *Fitness Center Company* will be uniquely formulated to establish long term growth and sustainability. The day to day operations of *Fitness Center Company* will be managed by Owner 1.

#### Organizational Chart

The organization will be structured very lean, with most of the functional job activities being assumed by a limited number of staff members and outsourced where needed. As a startup organization, overhead costs will be kept to a minimum while allocating most of the financial resources in the areas of operations, sales and marketing.

The sales and marketing functions will be performed by a “Sales Administrator” who will be responsible for increasing memberships and other sales functions.

The day to day office and administration functions will be conducted by an “Office Administrator” with a number of responsibilities a number of office duties including; greeting clients, answering telephone calls, customer database management, ordering office supplies, accounting, payroll etc.

Facility maintenance will be handled by a “Maintenance Supervisor” with the responsibility for ensuring that the facilities and equipment are kept clean and organized. The individual will on a part-time basis and primarily after-hours, when the facility is closed.

#### Organization Budget

Salary compensations, a main part of the Company’s operational budget, will be kept to a minimum, but will reflect industry wide market compensation averages in order to

attract qualified candidates. Management will not receive any salaries for the first year, in order to minimize the overall operating costs for that time period.

The compensation budget, for the 5 Year period will reflect the following -

Position	Year 1	Year 2	Year 3	Year 4	Year 5
Management	-	\$52,000	\$55,000	\$58,000	\$61,000
Sales & Marketing	\$12,000	\$15,000	\$20,000	\$22,500	\$25,000
Office Administration	\$25,000	\$27,000	\$30,000	\$33,000	\$35,000
Maintenance	\$12,000	\$26,000	\$28,000	\$30,000	\$32,000
<b>Total Org. Budget</b>	<b>\$49,000</b>	<b>\$120,000</b>	<b>\$133,000</b>	<b>\$143,500</b>	<b>\$153,000</b>

5.3. Legal Structure

*Fitness Center Company* will be a Federal Limited Liability Company.

## Operations

### 6.1. Operations Strategy

The day to day operations of *Fitness Center Company* will be focused on delivering exceptional group training services, within a positive and inviting atmosphere.

The key to the company's operations strategy will be customer service, and putting the client's needs first. All member's needs will be attended to on an individualized basis, each staff member will be aware of these needs to ensure that the client's have a positive experience during each session.

### 6.2. Scope of Operations

The scope of operations will be focused in three areas;

- hiring qualified staff,
- educating each staff member on the importance of client relationship management, and
- delivering quality and personalized training programs that produce results.

### 6.3. Location

*Fitness Center Company* is currently searching for a suitable location for its new fitness studio. The most optimal location will have adequate parking, medium to high traffic, and within close vicinity to the target demographic. Currently, the area of Colonnade Industrial Park is in high consideration due to lower rental rates and close proximity to several residential areas.

The new facility will be approximately 3,000 square feet and divided as follows:

- 1 or 2 larger workout room(s) for group fitness
- Office and reception area
- Washroom and showers

Effort is being taken to find space that has some of these requirements already in place. This would help minimize fit up costs.

The new facility will be the company's first Studio (Studio 1) and will be the model for all future locations, as part of the company's expansion in year 2 and beyond.

#### 6.4. Personnel

The staff at *Fitness Center Company* will be selected on the basis of being the top in their perspective fields.



The Personal Trainers will be part time and will be paid for each classe they teach.

The Personal Trainers will have more than 5 years of experience working and training clients, either from an individual practice or from a competing fitness studio / gym facility. Trainers will be certified through a reputable organization, such as Can-Fit Pro, or a degree (CSEP-CPT) in personal training from a number of qualified personal training schools.

Responsibilities will include:

- Identifying specific training needs
- Construct client specific instructional programs
- Lead various recreational activities
- Monitor and communicating client progress
- Demonstrate each physical activity
- Apply and teach clients specific nutritional practices.

The sales representative will be a part-time and 100% commissioned based position. The person will have excellent sales, communication and customer service skills. He (She) will have a minimum college education and at least 2 years industry related experience. Responsibilities will include;

- Promoting and selling memberships to potential new members and selling upgrades to current club members through the use of internal and external marketing efforts.
- Setting appointments and using other company-sponsored presentation tools.
- Conducting fitness studio tours for potential members, describing the facility, equipment, services and amenities.
- Generates leads through community outreach including establishing and maintaining lead bowls, posting flyers/signs and distributing guest passes, etc.

The office administrator will be the forefront of the studio and will establish the initial contact with all client members entering the facility. The office administrator will be a college graduate, with excellent personal and communications skills. The office administrator will have a minimum of 1 year working in a similar environment and must have a solid understanding of the health and fitness industry. Responsibilities will include;

- Greet members and guests promptly, enthusiastically and with a smile to create a friendly positive entrance into the fitness studio.
- Monitor check-ins to identify delinquent accounts.
- Register all guests into the gym using proper registration procedures.
- Ensure that guests and appointments are directed to the appropriate employee/department in a prompt, professional manner.
- Answer the company telephone in a professional and courteous manner.
- Respond immediately to member requests, inquiries and concerns.
- Distributes keys, towels and other materials as needed.
- Processes retail and concession sales.

The maintenance staff will be required to understand the importance of keeping the facility clean on a continuous basis, which includes the fitness areas, showers, washrooms etc. As well, the maintenance staff must be able to address any inquiries by members and direct them to the appropriate departments that can assist with the client's questions, comments or concerns.

**6.5. Operations Expenses**

The company's projected 5 Year operating expenses is as follows;

	2010	2011	2012	2013	2014
<b>Rent</b>	\$72,000	\$79,200	\$87,120	\$95,832	\$105,415
<b>Telephone &amp; Internet</b>	\$3,600	\$3,960	\$4,356	\$4,792	\$5,271
<b>Office Supplies</b>	\$1,200	\$1,320	\$1,452	\$1,597	\$1,757
<b>Marketing &amp; Advertising</b>	\$30,000	\$34,000	\$38,000	\$42,180	\$46,820
<b>Utilities</b>	\$24,000	\$26,400	\$29,040	\$31,944	\$35,138
<b>Insurance</b>	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
<b>Payroll &amp; Salaries</b>	\$49,000	\$120,000	\$133,000	\$143,500	\$153,000
<b>Depreciation</b>	\$2,510	\$8,710	\$15,630	\$20,217	\$25,841
<b>Total Expenses</b>	<b>\$184,710</b>	<b>\$275,990</b>	<b>\$310,998</b>	<b>\$342,462</b>	<b>\$375,642</b>



The highest operating expense for *Fitness Center Company* will be its rent expense for the facility. Because of the size, in square footage, needed to adequately provide the necessary training space for the programs offered by the company, the rent expense will be approximately \$6,000 per month. *Fitness Center Company* has projected an increase of 10% annually for the Rent Expense.

Telephone and Internet expenses will include all telephone and Internet communication requirements needed to operate the business on a daily basis. This will include any rental or leases of equipment, as well as phone and internet usage.

Office supplies expenses will include items used in, around, and with the furniture and technology of the office. The company has projected an increase of 10% increase each year for the office supplies expenses.

*Fitness Center Company* has allotted a monthly budget of \$2,500 for all Marketing and Advertising expenses, or \$30,000 for the first year. The Marketing and Advertising expenses will include all costs associated with such product/services as local advertising (newspapers, magazines, flyers), business cards, web advertising, Yellow Pages etc. The company has projected an 11% annual increase for all future Marketing and Advertising expense required to sustain the company's projected growth.

Utilities expenses will include those expenses needed for the daily operation of the facility, such as heat, gas, water, etc. The monthly cost will be \$2,000; with an annual total of \$24,000. *Fitness Center Company* has projected a 10% increase annually for the Utilities Expenses.

Insurance Expenses will cover all necessary operating expenses relating to legal risks or liabilities of running the business. The company has projected a continuous expense of \$2,400 annual for the cost of all insurance expenses.

Payroll expense will include the expenses for the personnel required to maintain and grow the business. The expenses do not include any commissions or incentives paid out by the company. An annual increase of between 10 -15% has been allotted to cover the payroll expenses over the 5 year period.

Depreciation expenses will include the depreciation costs associated with gradually recording the loss in value of the company's fixed assets. The company has allotted a 20% depreciation ratio, for each asset purchased, on an annual basis.

## Financials

### 7.1. Start-up Funds

*Fitness Center Company* will require \$46,000 for the necessary expenses needed to launch the business, according to the plan outlined. Such expenses will include the preparation of the facility, promotional marketing, equipment, one year full rent, and various miscellaneous expenses.

*Fitness Center Company* will use the existing exercise and office equipment already purchased through “Elite Martial Arts and fitness.”

The sources for the funds required will include a long-term loan or grant, as well as a personal loan of \$10,000 from one of the co-owners, Mr. Jim Pellerin.

#### *Start-Up Expenses*

Facility Fit Up	\$10,000
Marketing Setup	\$15,000
Brochures and Collateral	\$2,000
Rent	\$12,000
Special Floor	\$5,000
Miscellaneous	\$2,000
<b>Total Start-up Expenses</b>	<b><u>\$46,000</u></b>

### 7.2. Assumptions

The success of *Fitness Center Company* to achieve the milestones outlined within the business plan is based on the following assumptions -

- Increasing the client base by 100 members, within the first year of operation.
- Increasing the total membership base by 500 members, within the first five years of operation
- Receiving the required financial start-funds from a commercial loan/grant and private investor(s).
- Obtaining a suitable location(s) that will provide the necessary square footage and convenient amenities needed to operate the business efficiently and effectively.
- The Canadian economy continues to escalate from its financial downturn, experienced in the last two years, and increases in jobless rate, which in-turn

impact the disposable income potential for the target market within Ottawa, Ontario region.

**7.3. Break-Even Analysis**

*Fitness Center Company* will reach break-even once it generates monthly sales of \$23,477, or annual sales of \$281,730. The company forecasts projects that the break-even point will occur in Month 10 of operations.

<i>Number of Months</i>	12.0
<i>Projected Sales</i>	\$239,741
<i>Less: Direct Costs</i>	\$82,560
<b>Gross Profit</b>	\$157,181
<b>Gross Profit Margin</b>	66%
<b>Indirect Costs:</b>	
Rent	\$72,000
Telephone & Internet	\$3,600
Office Supplies	\$1,200
Marketing & Advertising	\$30,000
Utilities	\$24,000
Insurance	\$2,400
Total Payroll	\$49,000
Depreciation	\$2,510
<b>Total Costs</b>	\$184,710
<b>Break-Even in Annual Sales</b>	\$281,730
<b>Break-Even in Monthly Sales</b>	\$23,477

7.4. *Balance Sheet*

	2010	2011	2012	2013	2014
<b>Current Assets:</b>					
Cash (5% of Sales)	\$23,974	\$68,331	\$128,084	\$134,488	\$251,045
Marketable Securities	\$0	\$0	\$53,200	\$195,511	\$346,052
Accounts Receivable	\$23,974	\$45,554	\$64,042	\$134,488	\$188,284
Inventories	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b><u>\$47,948</u></b>	<b><u>\$113,885</u></b>	<b><u>\$245,326</u></b>	<b><u>\$464,488</u></b>	<b><u>\$785,381</u></b>
<b>Gross Fixed Assets (at cost):</b>					
Land & Buildings	\$0	\$0	\$0	\$0	\$0
Machinery and Equipment	\$10,069	\$29,729	\$54,193	\$70,287	\$70,000
Furniture & Fixtures	\$2,480	\$13,822	\$23,955	\$30,799	\$59,204
Vehicles	\$0	\$0	\$0	\$0	\$0
Other (Inc. Fin. Leases)	\$0	\$0	\$0	\$0	\$0
<b>Total Gross Fixed Assets</b>	<b>\$12,549</b>	<b>\$43,551</b>	<b>\$78,148</b>	<b>\$101,086</b>	<b>\$129,204</b>
Less: Accumulated Depreciation	\$2,510	\$8,710	\$15,630	\$20,217	\$25,841
<b>Net Fixed Assets</b>	<b><u>\$10,039</u></b>	<b><u>\$34,841</u></b>	<b><u>\$62,518</u></b>	<b><u>\$80,869</u></b>	<b><u>\$103,363</u></b>
Other Assets					
<b>Total Assets</b>	<b><u>\$57,987</u></b>	<b><u>\$148,727</u></b>	<b><u>\$307,845</u></b>	<b><u>\$545,357</u></b>	<b><u>\$888,744</u></b>
<b>Current Liabilities:</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Accounts Payable (5% of Sales)	\$11,987	\$22,777	\$32,021	\$44,829	\$62,761
Notes Payable	\$0	\$0	\$0	\$0	\$0
Accruals					
Taxes Payable	\$0	\$19,987	\$57,456	\$113,632	\$194,996
Other Current Liabilities					
<b>Total Current Liabilities</b>	<b>\$11,987</b>	<b>\$42,764</b>	<b>\$89,477</b>	<b>\$158,461</b>	<b>\$257,757</b>
L / T Debt (Inc. Financial Leases)	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
<b>Total Liabilities</b>	<b><u>\$57,987</u></b>	<b><u>\$88,764</u></b>	<b><u>\$135,477</u></b>	<b><u>\$204,461</u></b>	<b><u>\$303,757</u></b>
Preferred Stock	\$0	\$0	\$0	\$0	\$0
Common Stock	\$0	\$0	\$0	\$0	\$0
Paid-In Capital In Excess of Par	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$0	\$59,962	\$172,367	\$340,895	\$584,987
<b>Total Stockholders' Equity</b>	<b>\$0</b>	<b>\$59,962</b>	<b>\$172,367</b>	<b>\$340,895</b>	<b>\$584,987</b>
<b>Total Liabs. &amp; Stockholders' Equity</b>	<b><u>\$57,987</u></b>	<b><u>\$148,727</u></b>	<b><u>\$307,845</u></b>	<b><u>\$545,357</u></b>	<b><u>\$888,744</u></b>

## FITNESS CENTER BUSINESS PLAN SAMPLE

### 7.5. Income Statement

	2010	2011	2012	2013	2014
<b>Sales Revenue</b>	\$239,741	\$455,539	\$640,421	\$896,589	\$1,255,225
<b>Less: Cost of Goods Sold</b>	\$82,560	\$99,600	\$99,600	\$99,600	\$99,600
<b>Gross Profits</b>	<u>\$157,181</u>	<u>\$355,939</u>	<u>\$540,821</u>	<u>\$796,989</u>	<u>\$1,155,625</u>
<b>Less: Operating Expenses:</b>					
<b>Rent</b>	\$72,000	\$79,200	\$87,120	\$95,832	\$105,415
<b>Telephone &amp; Internet</b>	\$3,600	\$3,960	\$4,356	\$4,792	\$5,271
<b>Office Supplies</b>	\$1,200	\$1,320	\$1,452	\$1,597	\$1,757
<b>Marketing &amp; Advertising</b>	\$30,000	\$34,000	\$38,000	\$42,180	\$46,820
<b>Utilities</b>	\$24,000	\$26,400	\$29,040	\$31,944	\$35,138
<b>Insurance</b>	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
<b>Total Payroll</b>	\$49,000	\$120,000	\$133,000	\$143,500	\$153,000
<b>Depreciation</b>	\$2,510	\$8,710	\$15,630	\$20,217	\$25,841
<b>Total Operating Expenses</b>	<u>\$184,710</u>	<u>\$275,990</u>	<u>\$310,998</u>	<u>\$342,462</u>	<u>\$375,642</u>
<b>Operating Profits</b>	(\$27,529)	\$79,949	\$229,823	\$454,527	\$779,983
<b>Less: Interest Expense</b>					
<b>Net Profits Before Taxes</b>	<u>(\$27,529)</u>	<u>\$79,949</u>	<u>\$229,823</u>	<u>\$454,527</u>	<u>\$779,983</u>
<b>Less: Taxes (25%)</b>	\$0	\$19,987	\$57,456	\$113,632	\$194,996
<b>Net Profit After Taxes</b>	<u>(\$27,529)</u>	<u>\$59,962</u>	<u>\$172,367</u>	<u>\$340,895</u>	<u>\$584,987</u>
<b>Less: Pref. Stock Divds.</b>					
<b>Earnings Available for Common Stockholders</b>	<u>(\$27,529)</u>	<u>\$59,962</u>	<u>\$172,367</u>	<u>\$340,895</u>	<u>\$584,987</u>

7.6. Cash Flow

	2010	2011	2012	2013	2014
Net Profit After Taxes		\$59,962	\$172,368	\$340,896	\$584,989
Depreciation		\$2,400	\$2,400	\$2,400	\$2,400
Decrease in Accts. Receiv.		(\$21,580)	(\$18,488)	(\$70,446)	(\$53,795)
Decrease in Inventories		\$0	\$0	\$0	\$0
Decrease in Other Assets		\$0	\$0	\$0	\$0
Increase in Accounts Pay.		\$10,790	\$9,244	\$12,808	\$17,932
Increase in Accruals		\$0	\$0	\$0	\$0
Increase in Taxes Payable		\$19,987	\$37,469	\$56,176	\$81,364
Increase in Other Cur. Lia.		\$0	\$0	\$0	\$0
Cash Flow from Oper. Act.		<u>\$71,559</u>	<u>\$202,992</u>	<u>\$341,833</u>	<u>\$632,888</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Increase in Gross Fixed Assets		(\$31,002)	(\$34,597)	(\$22,938)	(\$28,118)
Cash Flow from Investments		(\$31,002)	(\$34,597)	(\$22,938)	(\$28,118)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase in Notes Payable		\$0	\$0	\$0	\$0
Increase in Long-Term Debt		\$0	\$0	\$0	\$0
Changes in Stockholders' Equity		\$0	\$0	\$0	\$0
Preferred Dividends Paid		\$0	\$0	\$0	\$0
Common Dividends Paid (-)					
Cash Flow from Financing Activities		\$0	\$0	\$0	\$0
Net Incr. in Cash / Mark. Securities		<u>\$40,557</u>	<u>\$168,395</u>	<u>\$318,895</u>	<u>\$604,770</u>

7.7. Ratio Analysis

	2010	2011	2012	2013	2014
<b>Current Ratio</b>	4.00	2.66	2.74	2.93	3.05
<b>Quick Ratio</b>	4.00	2.66	2.74	2.93	3.05
<b>Average Collection Period</b>	36.00	36.00	36.00	54.00	54.00
<b>Fixed Asset Turnover</b>	23.88	13.07	10.24	11.09	12.14
<b>Total Asset Turnover</b>	4.13	3.06	2.08	1364	1.41
<b>Debt Ratio</b>	1.00	0.60	0.44	0.37	0.34
<b>Gross Profit Margin</b>	65.56%	78.14%	84.45%	88.89%	92.07%
<b>Operating Profit Margin</b>	-11.48%	17.55%	35.89%	50.70%	62.14%
<b>Net Profit Margin</b>	-11.48%	13.16%	26.91%	38.02%	46.60%
<b>Return on Total Assets (ROA)</b>	-47.47%	40.32%	55.99%	62.51%	65.82%
<b>DUPONT ANALYSIS</b>					
<b>Net Profit AT/Sales</b>	-11.48%	13.16%	26.91%	38.02%	46.60%
<b>Sales/Total Assets</b>	413.44%	306.29%	208.03%	164.40%	141.24%
<b>ROA</b>	-47.47%	40.32%	55.99%	62.51%	65.82%
<b>Net Profit AT/Total Assets</b>	-47.47%	40.32%	55.99%	62.51%	65.82%
<b>Total Assets/Stockhldrs. Equity</b>		248.03%	178.60%	159.98%	151.93%
<b>ROE</b>		100.00%	100.00%	100.00%	100.00%

## Funding Request

### 8.1. Capital Requirements

In order to establish a successful launch of *Fitness Center Company*, and support comfortably its growth through the first two years, the management team estimates an overall start-up budget of \$46,000 (forty-six thousand dollars).

*Fitness Center Company* will offer a package of attractive terms to a single investor or a consortium of investors for this sum, and a convenient exit option. The company will finalize this package on a conditional basis once the company has achieved the desired performance with the first year, but would require the availability of the whole sum immediately after, and its commitment for five years.

The management team has already made provisions in the business plan for continuous debt service, over the term-in addition to the rest of the package.

*Fitness Center Company* would repay, the full amount at the end of year 5 with an additional bonus, or renegotiate a mutually beneficial agreement.

### 8.2. Risk/Opportunity

The greatest risks deliberating the success of *Fitness Center Company* are market risk and execution risk. Because of the sensitivity of the fitness industry, *Fitness Center Company* would have to be cognizant and aware of the changing developments in these areas.

*Fitness Center Company* can overcome these risks because of the management team's experience and long history of competing with the marketplace.

The opportunities for *Fitness Center Company* are significant; and the company has an opportunity to become a major force in the industry. This can only be established with adequate resources, available capital, and strategic marketing.



## Appendix

### 9.1. Year 1 - Monthly Profit & Loss Proforma

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
<b>Sales</b>	\$14,348	\$15,068	\$15,860	\$16,731	\$17,690	\$18,744	\$19,903	\$21,178	\$22,582	\$24,126	\$25,822	\$27,691	\$239,741
<b>Direct Cost of Sales</b>	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$6,880	\$82,560
<b>Gross Profit</b>	<u>\$7,468</u>	<u>\$8,188</u>	<u>\$8,980</u>	<u>\$9,851</u>	<u>\$10,810</u>	<u>\$11,864</u>	<u>\$13,023</u>	<u>\$14,298</u>	<u>\$15,702</u>	<u>\$17,246</u>	<u>\$18,942</u>	<u>\$20,811</u>	<u>\$157,181</u>
Gross Margin %	52.05%	54.34%	56.62%	58.88%	61.11%	63.29%	65.43%	67.51%	69.53%	71.48%	73.36%	75.15%	65.56%
<b><u>Operating Expenses</u></b>													
<b>Rent</b>	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$72,000
<b>Telephone &amp; Internet</b>	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
<b>Office Supplies</b>	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
<b>Marketing &amp; Advertising</b>	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
<b>Utilities</b>	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
<b>Insurance</b>	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
<b>Total Personnel</b>	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,084	\$4,084	\$4,084	\$4,084	\$49,000
<b>Depreciation</b>	\$209	\$209	\$209	\$209	\$209	\$209	\$209	\$209	\$209	\$209	\$209	\$209	\$2,510
<b>Total Operating Expenses</b>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,392</u>	<u>\$15,393</u>	<u>\$15,393</u>	<u>\$15,393</u>	<u>\$15,393</u>	<u>\$184,710</u>
<b>EBITDA</b>	-\$7,924	-\$7,204	-\$6,412	-\$5,541	-\$4,582	-\$3,529	-\$2,369	-\$1,094	\$309	\$1,852	\$3,549	\$5,418	-\$27,527
<b>Interest Expense</b>	-\$4	-\$7	-\$11	-\$14	-\$18	-\$22	-\$25	-\$29	-\$32	-\$36	-\$39	-\$43	-\$280
<b>Taxes Incurred</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Profit</b>	<u>-\$7,920</u>	<u>-\$7,197</u>	<u>-\$6,401</u>	<u>-\$5,527</u>	<u>-\$4,564</u>	<u>-\$3,507</u>	<u>-\$2,344</u>	<u>-\$1,065</u>	<u>\$341</u>	<u>\$1,888</u>	<u>\$3,588</u>	<u>\$5,461</u>	<u>-\$27,247</u>
<b>Net Profit/Sales</b>	-55.20%	-47.76%	-40.36%	-33.03%	-25.80%	-18.71%	-11.78%	-5.03%	1.51%	7.83%	13.90%	19.72%	-11.36%

*9.2. Year 1 - Monthly Unit Sales*

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Unit Sales</b>												
<b>Group Fit Sessions</b>	120	120	120	120	120	120	120	120	120	120	120	120
<b>Private Fit Sessions</b>	30	30	30	30	30	30	30	30	30	30	30	30
<b>Semi Private Sessions</b>	4	4	4	4	4	4	4	4	4	4	4	4
<b>Boot Camp Sessions</b>	8	8	8	8	8	8	8	8	8	8	8	8
<b>Private Group Sessions</b>	2	2	2	2	2	2	2	2	2	2	2	2
<b>Packages</b>	2	2	2	2	2	2	2	2	2	2	2	2
<b>Total Unit Sales</b>	166	166	166	166	166	166	166	166	166	166	166	166

*9.3. Year 1 - Monthly Unit Prices*

Unit Prices	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Group Fit Sessions</b>	\$60.00	\$66.00	\$72.60	\$79.86	\$87.85	\$96.63	\$106.29	\$116.92	\$128.62	\$141.48	\$155.62	\$171.19
<b>Private Fit Sessions</b>	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
<b>Semi Private Sessions</b>	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
<b>Boot Camp Sessions</b>	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00	\$375.00
<b>Private Group Sessions</b>	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
<b>Packages</b>	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00	\$599.00

**9.4. Year 1 - Monthly Sales Forecast**

Sales	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Group Fit Sessions	\$7,200	\$7,920	\$8,712	\$9,583	\$10,542	\$11,596	\$12,755	\$14,030	\$15,434	\$16,978	\$18,674	\$20,543
Private Fit Sessions	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
Semi Private Sessions	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Boot Camp Sessions	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Private Group Sessions	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Packages	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198	\$1,198
<b>Total Sales</b>	<b><u>\$14,348</u></b>	<b><u>\$15,068</u></b>	<b><u>\$15,860</u></b>	<b><u>\$16,731</u></b>	<b><u>\$17,690</u></b>	<b><u>\$18,744</u></b>	<b><u>\$19,903</u></b>	<b><u>\$21,178</u></b>	<b><u>\$22,582</u></b>	<b><u>\$24,126</u></b>	<b><u>\$25,822</u></b>	<b><u>\$27,691</u></b>

**9.5. Year 1 - Monthly Direct Unit Costs Forecast**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Group Fit Sessions	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Private Fit Sessions	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Semi Private Sessions	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Boot Camp Sessions	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Private Group Sessions	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Packages	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00

9.6. Year 1 - Monthly Direct Cost of Sales Forecast

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Direct Cost of Sales												
Group Fit Sessions	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Private Fit Sessions	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Semi Private Sessions	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160
Boot Camp Sessions	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320
Private Group Sessions	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
Packages	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320	\$320
Subtotal Direct Cost of Sales	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>	<u>\$6,880</u>