

**True Fitness Business Plan**

**By**

**Ian Davenport**

## I. EXECUTIVE SUMMARY

The business outlined in this plan is an “all-sport” club that will offer a variety of different exercise techniques in order to please its clients. We feel this market is very profitable because it reaches over 33.8 million people across the United States and brings in over \$12.2 billion annually. Club memberships in the United States have increased every year since 1987 and a strong market makes a strong business. We are a solid investment because start-up sports gyms on average take in 1,000 new members per year. This will allow our business to break even in less than five years.

Our club, “**True Fitness**” will offer its members quality services and benefits that no other club can offer. We want to take investments and use them wisely in order to create a sports facility that pleases customers. In sports clubs, the top five most profitable programs/services are personal training, massage therapy, food/beverages, an aquatics program, and a tennis program. Our gym will provide all of these services and thus increase our productivity. We will build a large complex that will include a pool, personal training facilities, basketball courts, a day spa, tennis courts, and many other features to attract clientele.

Through our knowledge of the Tri-Valley area and our willingness to take risks we will be able to build a single center into a profitable facility. Livermore, where our facility will be built has a large “20 to 64 year old” population. This means not only that our clientele pool is large but that these people are experienced and have attained the socioeconomic status that will be needed in order to attain and maintain our service.

In conclusion, our profitable new gym will be a coordinated effort among three aspiring entrepreneurs to create “the ultimate in sports fitness”.

## **II. INTRODUCTION**

America idolizes and raises upon the social pedestal those with beauty as well as superior physical ability. We pay millions of dollars to those who can hit a ball, throw it through a hoop, or run quickly. It is this societal perception and individual goal that our company will rely upon in order to gain clientele. We envision an “atmosphere implied by such entrepreneurs as Ray Kroc (McDonald’s) in which hard work and fun become a single entity and personal goals become reality”. Imagine a place in which track, weight lifting, basketball, tennis, swimming, luxury (day spa), re-habilitation, and personal training all exist, aimed towards the ultimate goals of extreme personal fitness. We offer our customers not just equipment to use or facilities in which to practice on, but an image, a lifestyle, and a standard of living. This is what “**True Fitness**” will provide to each of its members. We will combine the use of various sports in order to appeal to all those who desire to develop useful skills and personal health. Personal training directed specifically to individuals will help every member with his or her goals and longer club hours will ensure that each customer will have access to our facilities during time that is convenient for them. Our motto, “Our goals are to reach your goals” will be the aspiration of all our employees and will reassure customer satisfaction. Our mission is not just to create a sports club but also to educate and assist people to become healthier, more competitive, better looking, and passionate about their lives’.

### **Sources:**

**Kreuzer, Mona:** Castro Valley Chapter Advisor, \*Directed us to contacts within the proposed field.

**Caligari, Brian:** Holds marketing position at “24-hour fitness”, \* Helped with market research and availability of land

**Hoffman, Leigh:** Owner of “Alliance Property Systems” in South Florida, \*Pricing quotes for potential land opportunities and lease information

**Vonfrederick Rannigan, Tina:** Personal trainer of “24-hour fitness” in Castro Valley, \*Pricing of various equipment, suppliers, information on average salary paid to fitness personnel, etc.

**Altruistic Pool Construction:** Pool construction in Hayward, Ca. (510) 582-2004

\*Gave an estimate on our specific swimming pool and spa

**Watt, Kevin:** President of Criterion Networks, \*Basic mechanics of writing a business plan

### III. Analysis of the Business Situation

#### A. Trading Area Analysis

The general demographic is heavily backed by statistics of the Tri-Valley area.

Concentrating upon males

between the ages of 35 to 54

allows for an easily reachable audience while creating a large target area within the market.

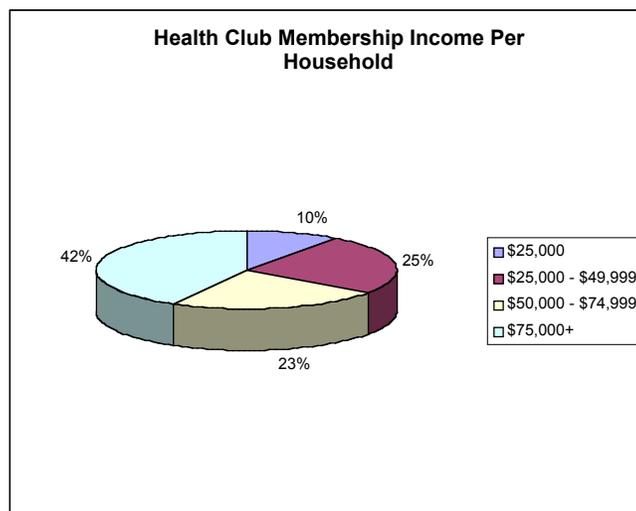
This cluster of the population is

fairly susceptible to

advertisement and is known to

spend more on themselves than

any other demographic group. In other words, they are both customers and consumers.



This age range, coupled with our geographic information tell us that the ideal customer will have an average income well above the state average, which is around \$48,000 annually; yet this is what we are counting on since “**True Fitness and Spa**” is a place that caters almost primarily to these citizens, to those who are willing and have the means to pay for superior services. We hope to give him or her the basic feeling that although not paying a ridiculously high price, we give customers a well-run, high-tech type of atmosphere. These demographics will undoubtedly promise customer psychographics involving enhancement of fitness needs, while paying a satisfactory price for it by offering to them a variety of facilities: a track (not usually found at most fitness clubs), allows customers to recognize that they are receiving the best assortment of equipment and thus the best work out for their money. The last major advantage to the “males ages 35 to 54” is that they tend to be well educated. This means that they are knowledgeable in the realm of fitness and realize its importance, secondly are probably active members of society who’s image may impact their professional careers, and thirdly (and probably most importantly) can afford to pay for such a service. Our clientele will most likely be primarily from the Livermore, Dublin, Pleasanton, or Tracy, California areas.

The common proverb “location, location, location” is an important issue and we project that over 85% of our customers will come from within a 20-mile radius (roughly a 30 minute drive). Therefore, competitors analyzed will be those that are within 20 miles of our Livermore compound. These cities would include Pleasanton, Dublin, San Ramon, Castro Valley, Livermore, and Tracy. The businesses that fall within these premises and are potential competitors are: **24 Hour Fitness, Fitness 2000, Club Sport, and Schoeber’s Athletic Clubs.**

## B. Competitors

### I. 24 Hour Fitness

#### a. Locations

i. 5860 West Las Positas Blvd

Pleasanton, CA 94566

ii. Castro Valley, CA 94552

(510) 733-6448

iii. 4450 Norris Canyon Road

San Ramon, CA 94583

b. Description: A national chain of fitness centers that markets itself upon practicality and the fact that it is open 24-hours a day. Their highly commercialized image and use of “big name” endorsers gives is a distinct advantage. They have various facilities named, “Active”, “Sport”, “Super-sport”, and “Ultra-Sport”. These facilities become higher in quality in the order that is listed. However, four out of the six listed locations are simply “Active” 24-hour locations. They have varying plans but on average the initial fee is \$400 and the average monthly fee would is \$48.50.

### II. Fitness 2000

#### a. Location

i. 7373B Village Parkway

Dublin

b. Description: A single center containing personal training, free weights, sauna, and aerobic classes for their customers. Their initial cost is \$69.00

and their monthly charge is \$17.00. Their hours are Monday-Friday: 5 a.m.-11 p.m./ Saturday: 7 a.m.-8 p.m./ Sunday 8 a.m.-8 p.m.

### III. **ClubSport**

#### a. Locations

i. 350 Bollinger Canyon Lane

San Ramon

ii. 7090 Johnson Drive

Pleasanton

b. Description: A series of health centers that offers a relaxing and semi-“high-class” atmosphere. Their facilities are 180,000 square feet and include a tennis court, personal training, a swimming pool, sauna, group exercise programs, rock climbing, and a leisure atmosphere.

“ClubSport’s” initial fee is \$600 and includes a \$101 monthly fee. Their hours are Monday-Friday: 5 a.m.-11 p.m./ Saturday & Sunday: 6 a.m.-10 p.m.

### IV. **Schoeber’s Athletic Clubs**

#### a. Location

i. 5341 Owens Court

Pleasanton, CA 94588

b. Description: They have regularly scheduled classes and personal training for the individual active member. Their facilities include weights, treadmills, and they offer personal trainers that will even set up an eating pattern for their customers. Their initial monthly fee is \$49 and their monthly fee is \$29. Their operating hours are Monday-Thursday: 5 a.m.-10:30 p.m./ Friday: Closed at 9:30 p.m./ Saturday & Sunday: 7 a.m.-7 p.m.

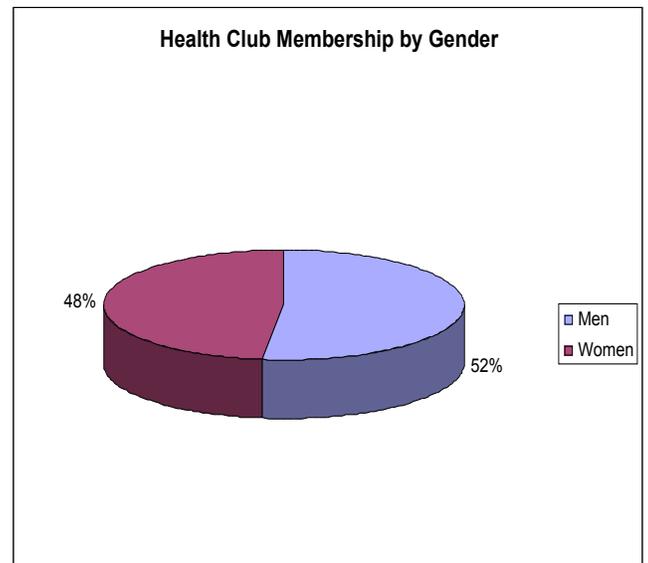
Although there are many other competitors vying for market share, we feel that we have some distinct advantages over these companies. First, we offer a more extensive complex than most gyms. By playing upon the fact that our gym is “bigger and better”, we are able to market our gym as stronger, more efficient, and ultimately a gym that provides high productivity. An additional advantage would be that as a new business our company would instinctively intrigue potential customers. Livermore is a fairly unindustrialized area. It would be classified as suburban since it is a place for families to live but there are not a lot of people who actually work there. This fact allows for our company to introduce to the community a process of fitness that has not been directly marketed to them. In other words, our location allows for us to stay out of the way of the major players, the way “Carl’s Jr.” and “IN-N-OUT” stays away from “McDonald’s” and “Burger King”. The last advantage that we have over our competitors is that we are not a large chain and thus can concentrate and coordinate our efforts into one location. Our limited number of locations will of course force our publicity to be limited. This limitation of exposure and of multiple locations will give us a disadvantage in place utility. Fortunately; however, our target market does not necessarily have to be substantially large. Because our company depends upon customers who make roughly \$100,000 annually, we can afford recruitment of fewer clients. Still, stemming from this problem of “big name” clubs comes the 24-hour problem. Our competitor, namely “24-Hour Fitness” is open at any time while we cannot afford such a costly endeavor. This gives us another disadvantage; nevertheless, we feel as if “quality, not quantity” can easily persuade people to attend our gym. “24-Hour Fitness” has only one location in the

whole bay area that offers basketball courts, a pool, etc. and many members do not know that many of their smaller locations do not even stay open 24 hours a day.

The last remaining issue would be price. Our price will probably be more expensive than some gyms although it will probably be cheaper than others. Gyms that can compete with ours as far as quality, namely “ClubSport” have a rate that is over \$500 more than our fee. In this way we feel as if we can dominate in the price domain. This initial analysis shows us slightly ahead our competitors. Yet as we build our single compound to higher levels of achievement we feel that we can increase our margin of success over our competitors.

### C. Market Segment Analysis

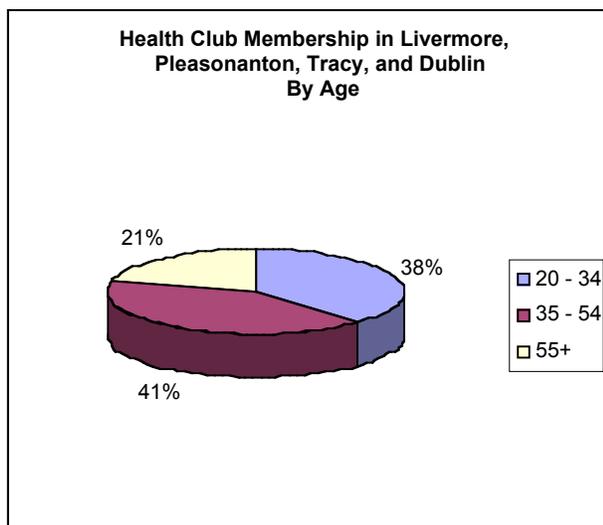
Our ultimate goal would be to make every person aware of his or her health and then market to pretty much everyone. Due to occupation limitations, competitors, and limited marketing resources, such an impractical goal would be fruitless. Thus, we are forced to break the overall marketplace into a few basic categories. As mentioned earlier, the “Caucasian male ages 35-54” demographic will be the primary target



market. This group already shows interest in the sports field and also has attained the necessary socioeconomic status allowing them to purchase our service. The second age bracket will be from 20 to 34. Although this age group does not have the buying power of the “35-54 year olds”, they still make up around 38% of the overall market and thus a very powerful group. However there will be a subsequent market, this will be composed

of women in these same age brackets. Why segment the market into these groups? Well, let's hypothetically imagine that our market was solely based upon people living in Livermore, CA, where our complex will be built. The sex ratio is roughly 50/50; it would be an unwise move to exclude half of Livermore's population. It is an important issue to remember that the male population does take primary importance because they show interest in sports and fitness, which we are trying to advertise, yet equally important to realize that women not only make up 50% of Livermore, but make up 50% of all gym memberships as well. As you can see the reason for concentrating on whites rather than any other ethnic group would be that they make up almost 82% of the population. Simple figures prove that marketing to this group would give us the largest number of possible customers.

The age group that shows most prevalent would be the 20-64 ranges by occupying 62.1% of the total population. Also, keep in mind simple logic. Would a child that's ten years old be going to a fitness center? Our guess would be no and thus we would eliminate that demographic. For families, we will offer special discount for family memberships. A daycare service will also be involved for parents with children. The last piece of information to take into account would be the income level of our ideal patron.



From the numbers, we easily identify that only 5.3% of the population is actually suffering from poverty and that the average household takes in \$75,322. Yet many households make more than this amount, and cities in close proximity such as San Ramon

and Pleasanton each make an average of over \$100,000 annually.

**SEX**

Male	36,664	49.99%
Female	36,681	50.01%

**RACE**

White	60,070	81.9%
Black or African American	1,148	1.6%
American Indian and Alaska Native	444	0.6%
Asian	4,251	5.8%
Native Hawaiian and Other Pacific Islander	208	0.3%
Some other race	3,915	5.3%
Two or more races	3,309	4.5%

**AGE**

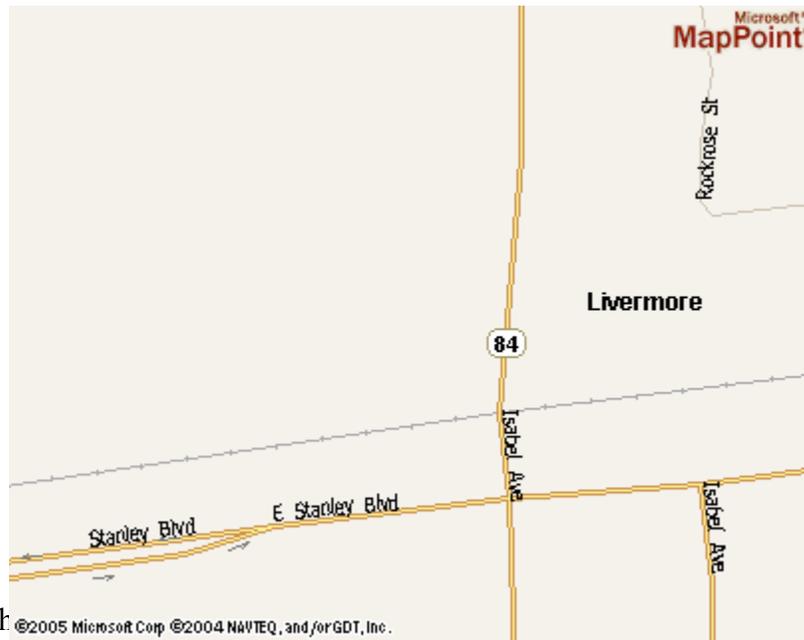
Under 5 years	5,650	7.7%
5 to 17 years	16,622	22.7%
18 to 64 years	45,557	62.1%
65 years and over	5,516	7.5%

**INCOME AND POVERTY IN 1999**

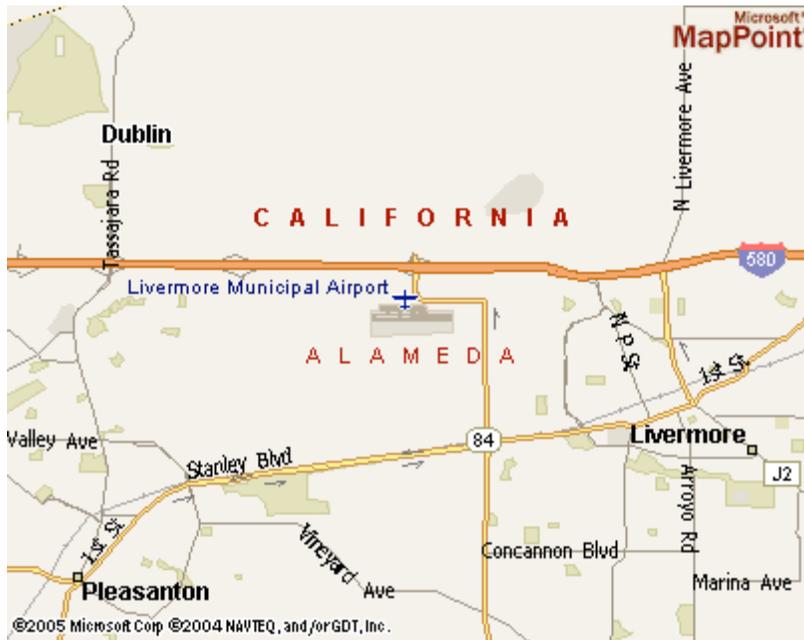
Median household income (dollars)	75,322	X
Median family income (dollars)	82,421	X
Per capita income (dollars)	31,062	X
Individuals in poverty	3,891	5.3%

#### D. Possible Locations

Location may be one of the most important aspects of our proposed business. This not only will decide who we will market to, but also can give us a leg up on our competitors. We have recently come upon an opportunity to buy a piece of property that is about 100,000 square feet. This property is conveniently located at the corner of Isabel Avenue and East Stanley Blvd. in Livermore, CA.



A piece such lose to the Interstate 580. This will allow us to easily appeal to those across the east bay and entice them to come to our facility. With sufficient parking area and an already built complex, we do not need to pay for construction of our gym. Spacious area within the building will allow us to build a two-story structure that allows for maximum capacity. Our site is almost equidistant from Dublin and Pleasanton.



This will allow us to gain customers immediately from both of these cities.

Additionally, there are people who live fairly far from the Bay Area due to high real-estate prices. These people may live in cities like Tracy, but commute each day to work in the city. These people would be enticed to our gym because we are very close the Interstate 580 and thus could stop off on their way to or from work. To lease this property we would have to pay \$7 per square foot annually. This means that we would have to pay \$58,333 every month and \$700,000 every year.



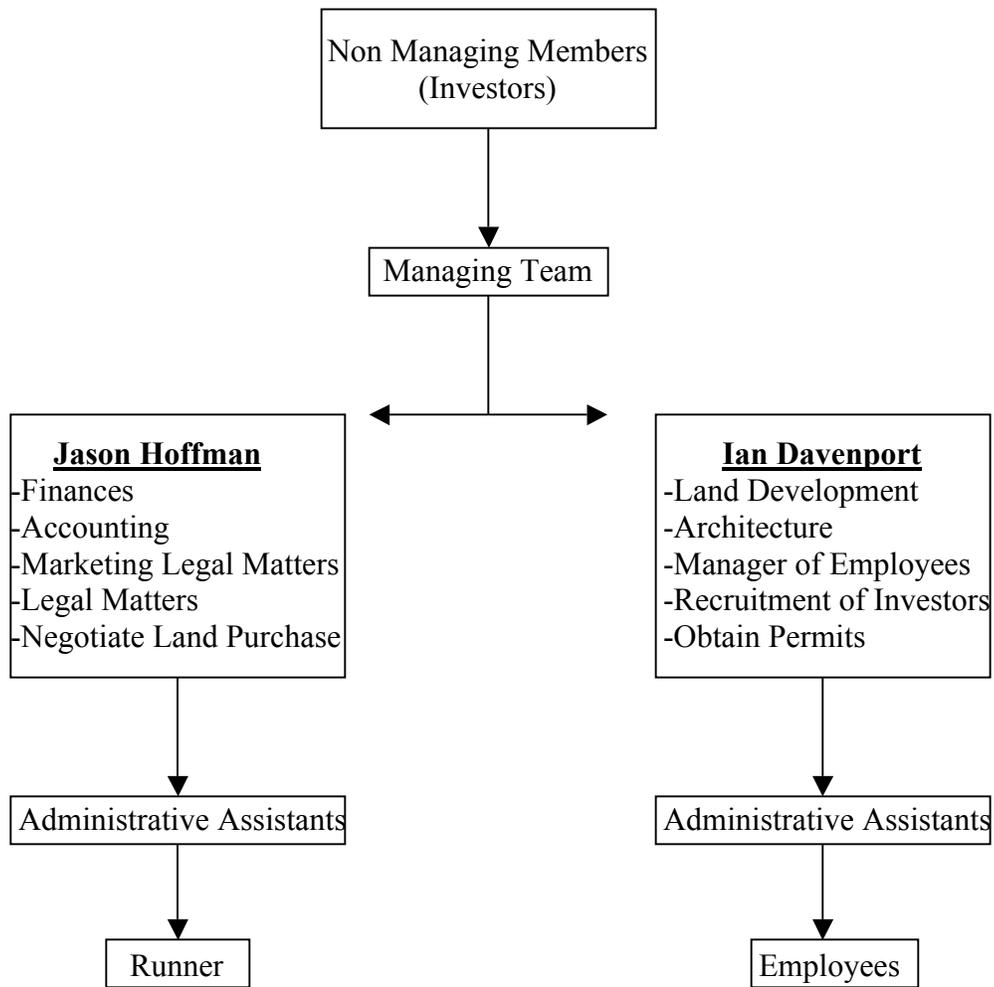
#### **IV. PLANNED OPERATION OF THE PROPOSED BUSINESS**

##### **A. Proposed Organization**

A general partnership between two members would allow for all aspects of our business to receive substantial attention. In essence, the largest advantage is that with two “part-owners” we could all concentrate on smaller aspects of the business, therefore making the overall product superior. Another advantage of a general partnership is that the amount of capital raised is increased due to the number of entrepreneurs. This will be a significant advantage especially since the overall investment will be high. This high level of investment and the fact that partnerships involve unlimited liability will be somewhat eased because each person would be responsible for less monetary obligations. If desired, adding partners to our company could be a great source of capital and/or incentive to recruit highly valuable employees. By having this “back up” option, we could gain capital through limited partnerships or attain highly skilled workers through the promise of partnership. The last, and probably one of the most important reasons that we desire a partnership is that it is a fairly easy and simple form of business. In other

words, it is easy to start. Right now a corporation would not give us the control over the company that we want. We feel that we have an excellent idea, a solid plan, and vision. Through a corporation our vision would be lost and only the financially safe plans would be approved. Using a sole-proprietorship would only take away our greatest weapon; because we have three owners, each owner could concentrate solely upon a specific facet of the company, instead of one person worrying about many different problems. To conclude, the partnership route would allow for a simple “start-up”, increased capital, and a betterment of our overall service to customers.

Once established as a general partnership we can move on to the essential needs of the company. There are a few vital positions that need to be filled in order for our company to run smoothly. The first position that will need to be met will be a position in legal aid. In such a field where government restrictions, potential client injuries, and high-risk business moves are simply quotidian occurrences, a legal advisor would be a necessity. The second large pillar crucial to our success would be a head of sales and advertising. This job would include creating and executing a market plan in order to reach the target customers. Lastly, our company needs a general manager to ensure that our business is being run properly and that any problems can be easily relieved.



Along with the top management positions, other significant, yet less influential job positions must be filled. Our facility requires constant maintenance, gym trainers, and referees for youth sports. These are the positions that need to be filled: **custodian, floor supervisors, front desk attendants, personal trainers, massage therapists/physical therapists, and referees.**

**I. Custodian**

**a.** Number of available positions: 4

- i.** Rationale: The shifts are four hours each and there will be two shifts every day. Janitorial workers will receive \$6.75 per hour and each will be a part-time employee.
- ii.** Job description: Clean all restroom facilities, replace garbage, check pH level of pool and spa, pick up garbage left behind by members, and mop/clean floors

**II. Floor supervisors**

**a.** Number of available positions: 6

- i.** Rationale: There will be three shifts of 6 hours each during regular weekdays. During the weekend there will be two shifts of eight hours each. All floor supervisors are part-time workers and make \$7.50 an hour.
- ii.** Job description: Help employees and members with any problems during their shift. Answers or relieves any customer complaints or questions. Insures that all parts of the compound are working smoothly.

### III. **Front desk attendants**

#### a. Number of available positions: 8

##### i. Rationale: We will have all day front desk attendants on duty.

There will be two shifts per day on every weekday. There will be two employees on the first shift, which will mainly cover the morning hours. During hours in the evening there will another two employees. Weekends will be run in the same way and each greeter makes \$6.75 per hour.

##### ii. Job description: Scan members into the complex, greet customers, and provide any potential customer with assistance or information.

### IV. **Personal trainers**

#### a. Number of available positions: 6

##### i. Rationale: Personal trainers will work on commission meaning that they get paid mostly by the number of clients that they meet with.

They will be employees since they do not go on our pay roll but we each provide a mutual service to each other. However, we will pay them \$13 per hour. Whom we hire along with their qualifications is a large decision and could impact our business greatly.

##### ii. Job description: Train individuals who would like to use their service. This may include a diet plan, weekly meeting, etc.

### V. **Massage therapists/ physical therapists**

#### a. Number of available positions: 3

##### i. Rationale: These will be full-time workers that work eight hours every single day. They will be paid about \$80,000 annually.

- ii. Job description: They will assist those that have sports injuries and they also do massage therapy. They will be paid a flat rate and not on commission.

## VI. Referees

- a. Number of available positions: 4

- i. Rationale: We will have “Friday Fun” which is a series of organized pick-up basketball games with referees and a scorekeeper. We know four friends who can do this job and instead of payment we will offer them free membership.
- ii. Job description: Referee any games that come up and do the scorekeeping on the scoreboard also.

## B. Proposed product/service

In order for our company to provide our service of fitness we must have the right tools to accomplish this. This includes many pieces of equipment that can be very costly. The anaerobic equipment in our gym such as “Power Source Olympic Competition Benches”, free weights, etc will be leased. These pieces of equipment can be leased from “Gopher”, a company based in Owatonna, MN that publishes a catalog of such equipment. The anaerobic equipment however will probably be leased. This is due to the fact that such equipment is subject to damage and may become obsolete quickly. We will also need contractors to create our indoor facilities. Basketball courts, tennis courts, an indoor track, and racquetball courts will all need to be created. Contractors are not difficult to find and we’re sure that though the jobs are costly, are a necessary component to our success.

### C. Proposed marketing strategies



Our prices and promotions are always subject to change especially when we take into account the fluctuating membership enrollments; however, for the most part our initial fees for our services will be \$300 and \$80 monthly for a general membership. We will also offer to customers the option of paying daily fees. This fee will be \$50 charge for a day's use of any service that our business provides. In addition we can offer to individuals the option of using exclusively our day spa for just one day. To use this option we will charge a standard fee of \$25. For another pricing option we will give customers the option of paying an annual fee up front for \$1,100, this would be a saving of over \$150. This move would benefit us as well considering we will see an immediate return on our investments allowing us to re-pay our debt quickly. This type of pricing will set us over many of our competitors rates, however the most important opponent will be outbid. "ClubSport", which comes closest to what we provide will be outbid by over \$600 and other competitors do not offer the level of resources that we will sell to our customers. In this way we feel that the service we sell and the price we offer can overcome or compete heavily with every competitor in the market.

We will attempt to use a variety of strategies in order to make contact with potential members. A fairly cheap and easily accessible form of advertisement will be the Internet. By running our own website, [www.truefitness.com](http://www.truefitness.com) we can reach a wide variety of customers. This is also a fairly cheap way in which to get our name out since it will only cost our company \$9.95 to launch and run the site annually. Another cost-effective way to market our name will be to have various sales promotions and use flyers to get the word out. This can be a valuable tool if used correctly and can be especially effective when used in a suburban city such as Livermore, Pleasanton, Dublin, and San Ramon. Personal trainers that work for us are a great source of clients. We may try to convince trainers from other gyms to work for our company and with these new employees comes their entire previous client base. However this is not exactly free, considering we may need to pay the trainers more money in order to gain their services. Radio commercials are a way to reach a fairly broad audience and make up an estimated 30% of all commercial messages we receive each day. The last, and probably one of the most effective forms of advertisement will be television commercials, our major investment in television will be on ESPN Television network. This is a fairly large investment but Tina Von Frederick, owner of a small fitness business is adamant that television is the ultimate form of advertisement. Though television time actually isn't extraordinarily expensive, coupled with "production costs" this process may cost a projected \$150,000. This is no doubt a large investment but if that is what is needed to bring in clients then the investment could prove profitable.

Promotional Tool	Expenses	Costs per year
Internet	Buy, create, and maintain “www.truefitness.com”	\$9.95 per year, \$99.50 for ten years
Flyers	Used to create advertise sales promotion	\$2,000 at 2 cents a flyer
Trainer clientele	Hiring dependable trainers with large client base	\$10,000 will be put away to entice potential employees
Television	Advertise using commercials	\$250,000

## V.PLANNED FINANCING

### A. Projected Income

Club Vigor  
Income Statement  
31-Dec-03

Sales	\$1,260,000.00	
Net sales		\$1,260,000.00
Gross Profit		0
Operating Expenses		
Payroll expense	\$551,000.00	
Payroll tax expense	\$38,570.00	
Bad debts expense	\$194,500.00	
Promotional Expense	\$62,009.95	
Office supplies expense	\$220,000.00	
Utilities expense	\$120,000.00	
Insurance expense	\$200,000.00	

In-club entertainment	\$1,000.00	
Lease costs for building	\$1,200,000.00	
Depreciation expense, office equipment	\$15,400.00	
Maintenance and repairs expense	\$50,000.00	
Miscellaneous selling expense	<u>\$50,000.00</u>	\$2,702,479.95
Other Expenses		
Building of pool	\$110,000.00	
Building of basketball courts	\$350,000.00	
Building of tennis courts	\$75,000.00	
Building of track and indoor soccer field	\$370,000.00	
Spa features	<u>\$120,000.00</u>	<u>\$1,025,000.00</u>
Net Income		<b>-\$2,467,479.95</b>
Club Vigor Income Statement 31-Dec-04		
Sales	\$2,520,000.00	\$2,520,000.00
Net sales		
Gross Profit		0
Operating Expenses		
Payroll expense	\$551,000.00	
Payroll tax expense	\$38,570.00	
Bad debts expense	\$194,500.00	
Promotional Expense	\$62,009.95	
Office supplies expense	\$220,000.00	
Utilities expense	\$120,000.00	
Insurance expense	\$200,000.00	
In-club entertainment	\$1,000.00	
Lease costs for building	\$1,200,000.00	
Depreciation expense, office equipment	\$15,400.00	
Maintenance and repairs expense	\$50,000.00	
Miscellaneous selling expense	<u>\$50,000.00</u>	<u>\$2,702,479.95</u>
Net Income		<b>(\$182,479.95)</b>

Club Vigor  
Income Statement  
31-Dec-05

Sales	\$3,780,000.00	
		\$3,780,000.00
Net sales		
Gross Profit		\$1,077,520.05
Operating Expenses		
Payroll expense	\$551,000.00	
Payroll tax expense	\$38,570.00	
Bad debts expense	\$194,500.00	
Promotional Expense	\$62,009.95	
Office supplies expense	\$220,000.00	
Utilities expense	\$120,000.00	
Insurance expense	\$200,000.00	
In-club entertainment	\$1,000.00	
Lease costs for building	\$1,200,000.00	
Depreciation expense, office equipment	\$15,400.00	
Maintenance and repairs expense	\$50,000.00	
Miscellaneous selling expense	\$50,000.00	
	\$2,702,479.95	\$2,702,479.95
Net Income		\$1,077,520.05

**B. Proposed plan to meet capital needs**

Our company, True Fitness will meet capital needs by talking to various money sources. These sources will include family members, banks, venture capitalist, and personal savings. We hope to receive \$5 million before we even begin our venture. By the first year we will be losing \$2.4 million with an expected 1,000 members. By the second year we will have double our member to 2,000 and have a combined loss of

around 2.4 million including the first years losses. By the third year with 3,000 members, we will show a profit of \$1 million. We hope by explaining this outlook to investors they will be convinced of our legitimate venture. Also by showing our belief in the company we each will invest \$25,000. We project getting \$3 million from venture capitalist and the rest of the money from a bank loan that would be paid off by the fifth year of operation.

## **VI.CONCLUSION**

Through the plan that we have outlined we feel confident that although a very intricate and complex process to start and run such a company, we can accomplish such an ambitious endeavor. We have analyzed the market, covered expenses, visualized a goal, and planned accordingly. Our company would be a sound investment because assets and collateral would insure re-payment and realistic projections allow for error if they are needed. To be realistic, we cannot guarantee a success, but as the proverb goes, “A hero is one who knows how to hang on one minute longer” and this is the entrepreneurial spirit that we will carry throughout the life of our fitness center.

## **VII. BIBLIOGRAPHY**

1) Bay Area Census. Census. 8 Jan. 2004

<<http://www.bayareacensus.ca.gov/cities/Danville.htm>>.

2) ClubSport. 15 Dec. 2003 <<http://www.clubsport.com>>.

3) GOPHER. Advertisement. Gopher. 1 Jan. 2004: 1-364.

4) Grossman, , et al. How To Raise Capital. Illinois: DOW JONES-ERWIN, 1994.  
1-185.

- 5) Gumpert, David, and Stanley R. Rich. Business Plans that Win. New York, NY: Harper and Row, 1985. 1-219.
- 6) Hoffman, Leigh. Telephone interview. 29 Dec. 2003.
- 7) Home Page. 2 Jan. 2004 <<http://www.goldsgym.com>>.
- 8) Home Page. 2 Jan. 2004 <<http://www.sportsclub.com>>.
- 9) University of Oregon. 2 Jan. 2004 <<http://www.universityoforegon.com>>.
- 10) Von Frederick Rannigan, Tina. Personal interview. 5 Jan. 2004.
- 11) Watt, Kevin. Telephone interview. 5 Jan. 2004.

## **APPENDIX**

### **Interview Questions with Tina Von Frederick**

**How much money (on average) would someone in your profession make annually?**

\*\$13 per client and 10% of what their clients pays if they make the deal. This means that an average person in my field would make \$25-40 thousand a year.

**How do you get paid? By “24-hour” on a fixed rate or on commission?**

We get paid on commission so the number of clients that we see daily directly affects how much we get paid.

**How many personal trainers does this 24-hour fitness have?**

24-hour fitness has approximately seven personal trainers but of course not all at the same time

**About how many clients do you see daily?**

I will probably see around 6-8 clients everyday but it depends on their schedules

**What are the busiest hours of the day? When do most people come in?**

Well, the largest group of people in 24-hour fitness at one time is probably 800 people but they come in different waves. 5 a.m.-8 a.m. there is a rush of people, 11 a.m.-1 p.m. there is another wave of people who want to come in during their lunch breaks and from 4 p.m.-8 p.m. there is a wave of people coming after work and after school.

**Could you name some of the essential equipment that you use and possibly how much they cost to lease or buy?**

Well, total you will probably need 100 pieces of equipment in your gym. Here's a catalog you can look at. (She marks in the catalog exactly what pieces of equipment would be needed and next to these items shows the prices.) I'm guessing total you will need to spend \$200,000 on equipment.

**Do you know what wholesaler 24-hour fitness uses to get its equipment?**

Well I'm not sure of the wholesaler, however I do know that since 24-hour is a nationwide chain, they buy and lease their equipment in large bulk and get a large discount on these things as well.

**Do you know how much it would cost to put in a basketball court? Tennis courts? A swimming pool? A track?**

Basketball courts can cost up to \$100,000 and a swimming pool is probably \$200,000 if I were to guess. I'm not sure about tennis courts and a track but I'm sure that they would probably be pretty expensive

**Does 24-hour own or lease its location? For how much does it do this?**

This particular location in Castro Valley buys some of the land and leases most of it. I believe that it is leased for approximately \$7 per square foot.

**Do you know of a company that could make a basketball court?**

I'm actually not sure but if you go into the yellow pages or a phone book you might be able to find an independent contractor.

**Could you tell me how many members the 24-hour fitness center in Castro Valley has?**

This location in Castro Valley has about 5,000 to 6,000 members, however I would guess that only 30% to 40% of the members actually use the gym, the rest come very little or not at all. You see 24-hour uses EFT electric transferring meaning that money is transferred from a persons account straight to 24-hour fitness, this means that a person needs to come to the facility in order to cancel their membership, most people don't want to do this.

**What are these members like? What is your client base like? High School students? Middle aged men/women? Etc.**

I'd say that the people who come into the gym from 2-6 p.m. are generally from the ages of 15-35 and the people coming in during the morning times are anywhere from ages 18-65.

**Where would we go if we wanted to hire personal trainers for our facility?**

There are a number of places a person can go if he wants to find personal trainers to hire. I'd say you would want to go to colleges and universities and see when their schools graduate. But definitely advertise that you are hiring. Either set an ad in the paper or simply post signs within your facility. And of course if nothing else you could try and find trainers at other facilities.

**Could one person be qualified to do physical therapy (re-hab) and personal training?**

Not usually, these two fields are totally different; the jobs are not really inter-twined with one another. They make different amounts, have different training, etc. The main thing is that one person usually doesn't do both.

**24-hour has in stock many different kinds of sports drinks, nutrition bars, etc. Does 24-hour pay these companies to sell their products, or do these companies pay 24-hour to have their products in stock?**

This will many times depend upon the company that you would like to work with, however, many companies will give you their products for free and then they will just take a share of however much you make. But then again, some companies do want you to pay for their products.

**Do you know how much of a profit 24-hour makes?**

24-hour as a whole will probably make \$150 million a year, but that is without minus expenses

**Do you know how much janitorial work needs to be done? How much they get paid?**

I think we have about 4; they are full time employees and get benefits. The way that we use them is that there is one janitor on duty almost 24-hours a day.

**Do you know how much people with desk jobs make? How many do you guys hire?**

These employees are not full time and we have eight of them. There are approximately four shifts of six hours.





