



SAMPLE BUSINESS PLAN

FITNESS PLUS, INC

Disclaimer:

This is a sample business plan, so the company and business information are fictitious. This plan reflects our standard business plan model, and changes in outline and structure can be made as per client specifications.

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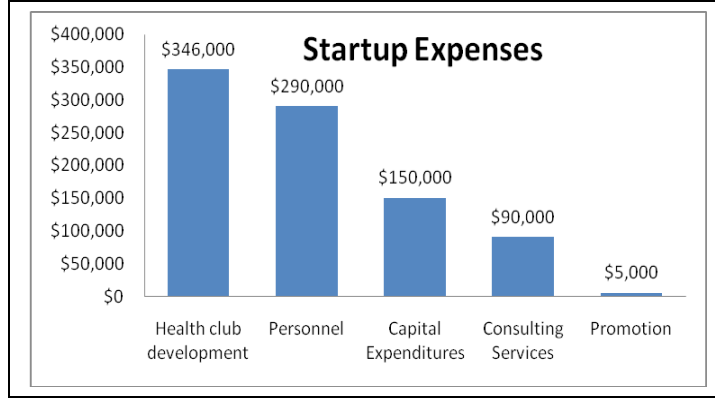
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Executive Summary

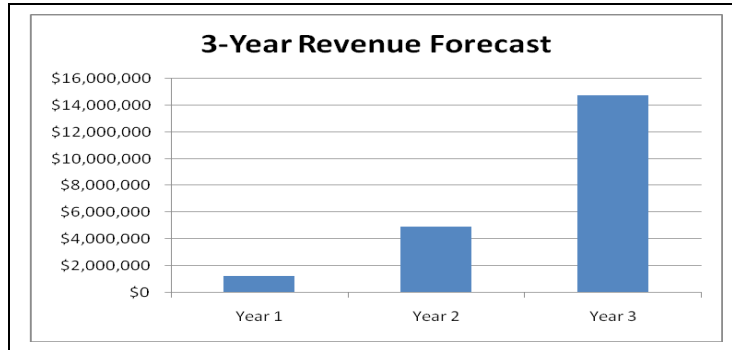
1. Fitness Plus will provide health care and body workout services.
2. Fitness Plus will offer low cost services to all segments of customer.
3. Owners are experienced and dedicated towards health care services.
4. Health care market is on the boom in USA.
5. Market volume is expected to reach \$69.8 billion by the year 2012.
6. A large segment of market is still untapped.
7. Heart disease and obesity are on record high causing increase in health club demand.
8. Low income market segment is ignored by key competitors.
9. Health club market is competitive in Miami but provides equal growth opportunities.
10. Increasing awareness, obesity and heart disease are the driving forces for market growth.
11. Fitness Plus will have their own training facility with state of the art health care equipment from quality manufacturers.

Highlights

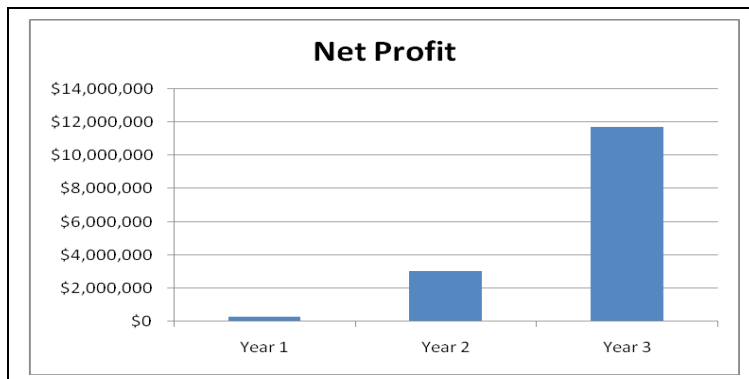
Startup Expenses:



Expected Revenue Growth



Expected Profit Growth:



General Company Description

1.1 Company overview:

Fitness Plus health club is situated in Coral Gables, Miami-Dade County, Florida. It was formed by David Foster and Steve Homes in December 2008. Fitness Plus will provide health and fitness services that are good in quality and low in cost.

1.2 Mission and Vision:

Vision: To create awareness about healthy lifestyle and its benefits

Mission: To provide strategies and training programs related to health care

1.3 Strengths and Core Competencies:

- Lowest cost of services in comparison to competitors
- Certified trainers from top ranked health care institutions
- Owner's commitment and dedication towards health care services

1.4 Challenges:

Fitness Plus will face a challenging situation in creating its brand image and attracting customers towards their services due to presence of already established players in the local market such as:

- Gold's Gym
- Coral Gables Adventure Bootcamp
- 30 In A Hurry Fitness Coral Gables Personal Training

Industry Analysis

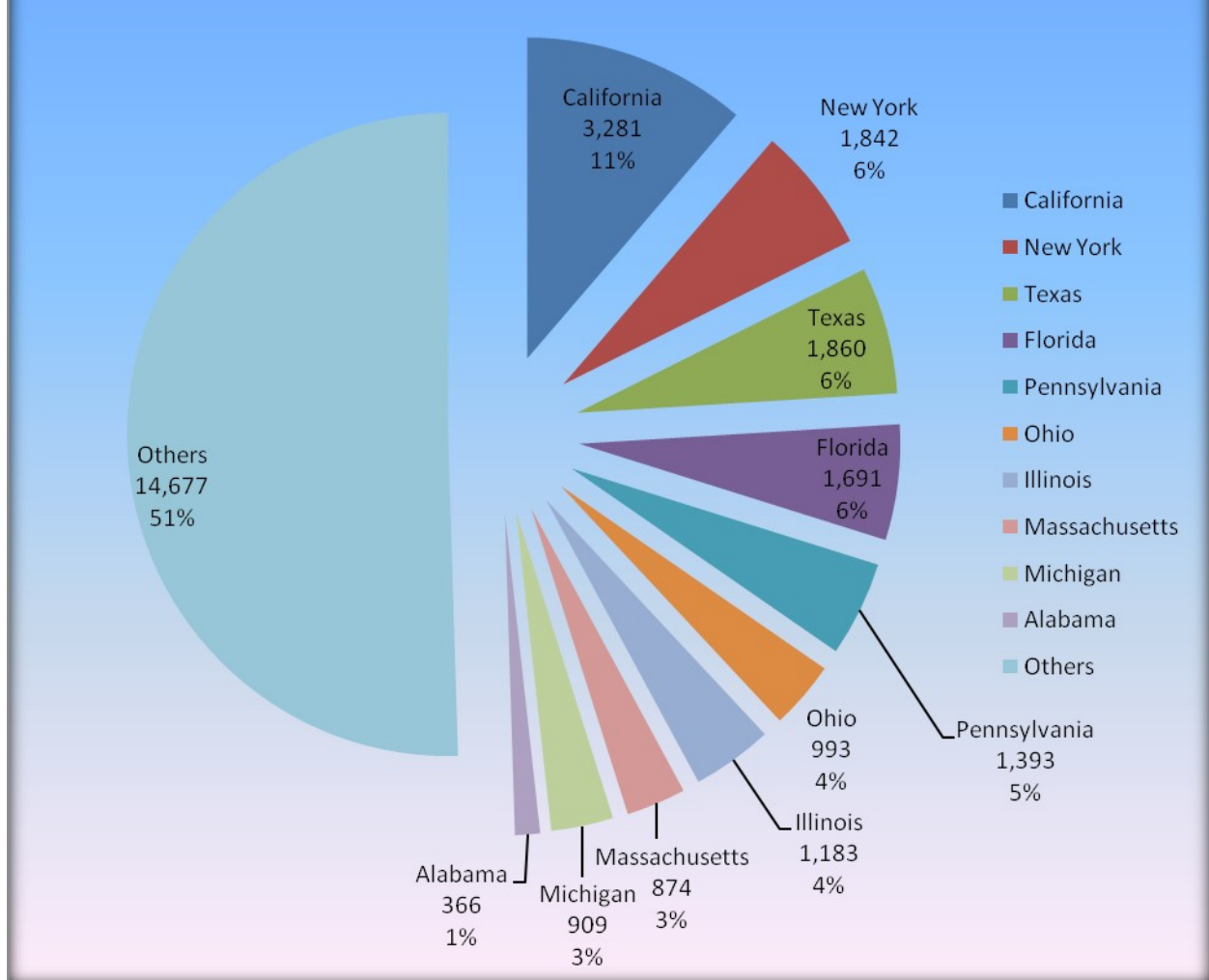
A health club can be described as a service facility that is intended to provide physical health care exercises with the help of specialized equipment. It normally serves both male and female customers but in some cases females are provided special attention by providing them female only health clubs in which all staff including trainers are also females. Normally, the environment is made casual to provide customers comfortable experience that helps them performing bodybuilding and other exercises with ease.

According to a survey conducted in 2006¹, total number of health clubs in USA was 29,069 with over 41.3 million members. Almost 49.5%² of those health clubs were in California, New York, Texas, Florida, Pennsylvania, Ohio, Illinois, Massachusetts, Michigan and Alabama. See the chart below to understand market share of top 10 states.

¹ [HTTP://ACTIVEMARKETINGGROUP.COM/ASSETFACTORY.ASPX?DID=32](http://activemarketinggroup.com/assetfactory.aspx?did=32) (ACCESSED MARCH 7, 2009)

² CALCULATION FROM ACTIVE MARKETING WEBSITE, CHECK APPENDIX A

Health Clubs Distriution in USA



Services Overview

3.1 Services:

Fitness Plus will provide following health related services:

- Aerobics
- Cycling
- Boxing
- Yoga
- Pilates
- Muscle Training
- Diabetes & Obesity Control

3.2 Benefits and Features:

- State of the art facility with latest equipment from quality manufacturers
- Low cost with monthly, quarterly and annual subscription plans.
- Personal qualified trainers to help our members achieving results without wasting much time

3.3 Why people need this service?

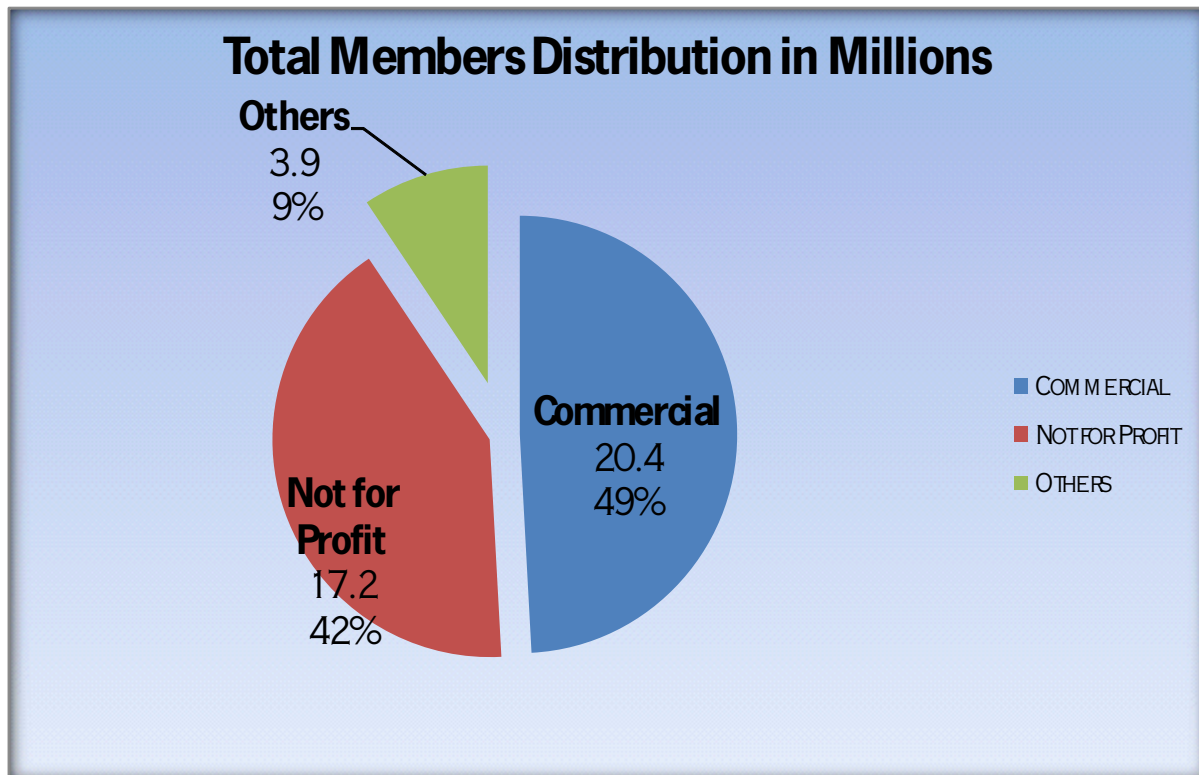
Health care and fitness club market in Florida has been serving to a high income segment of late. Average income of health club member is \$76,000 as of 2006 survey. This leaves a large segment of low-income customers with unmet needs. Fitness Plus will primarily exist to provide health care facility to the lower income class without compromising on quality of service.

Marketing Plan

Market Analysis:

4.1 Market Description

According to a survey by The International Health Racquet & Sports Club Association in year 2007, it was mentioned that there are 29,636 health clubs in United States that house a total of 41.5 million³ members. Health clubs that are involved in commercial business have a total membership of almost 20.4 million and 17.2 million⁴ members belonging to not for profit health clubs.

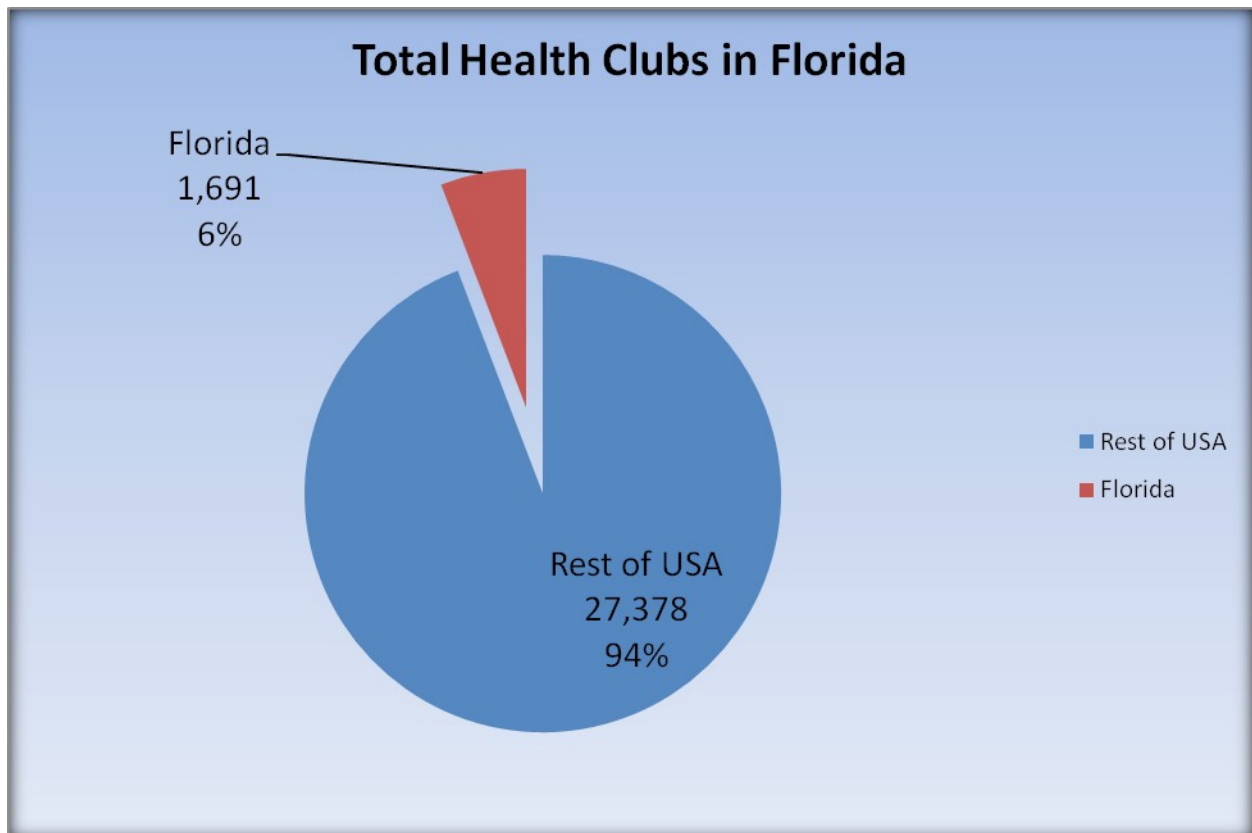


³ [HTTP://CMS.IHRSA.ORG/INDEX.CFM?FUSEACTION=PAGE.VIEWPAGE.CFM&PAGEID=19547](http://cms.ihrsa.org/index.cfm?fuseaction=page.viewpage.cfm&pageid=19547) (ACCESSED MARCH 9, 2009)

⁴ [HTTP://WWW.GOLDSGYM.COM/GOLDS/FRANCHISING/FACTS.PHP](http://www.goldsgym.com/golds/franchising/facts.php) (ACCESSED MARCH 9, 2009)

Health Clubs in Florida:

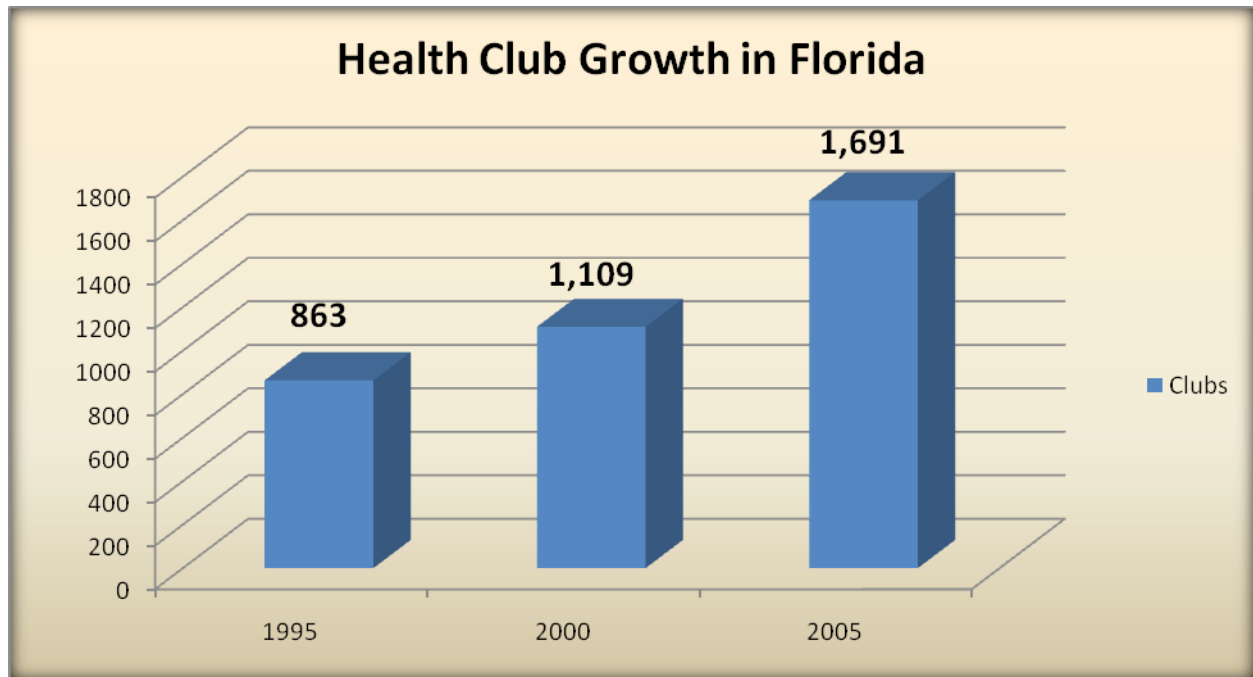
State of Florida houses 1,691 health clubs out of total 29,069 in the USA, which makes almost 5.81%⁵. There were only 863 clubs in 1995 that grew at almost 9.59%⁶ in 2007.



⁵ CALCULATION FROM ACTIVE MARKETING WEBSITE, CHECK APPENDIX B

⁶ CALCULATION FROM ACTIVE MARKETING WEBSITE, CHECK APPENDIX C

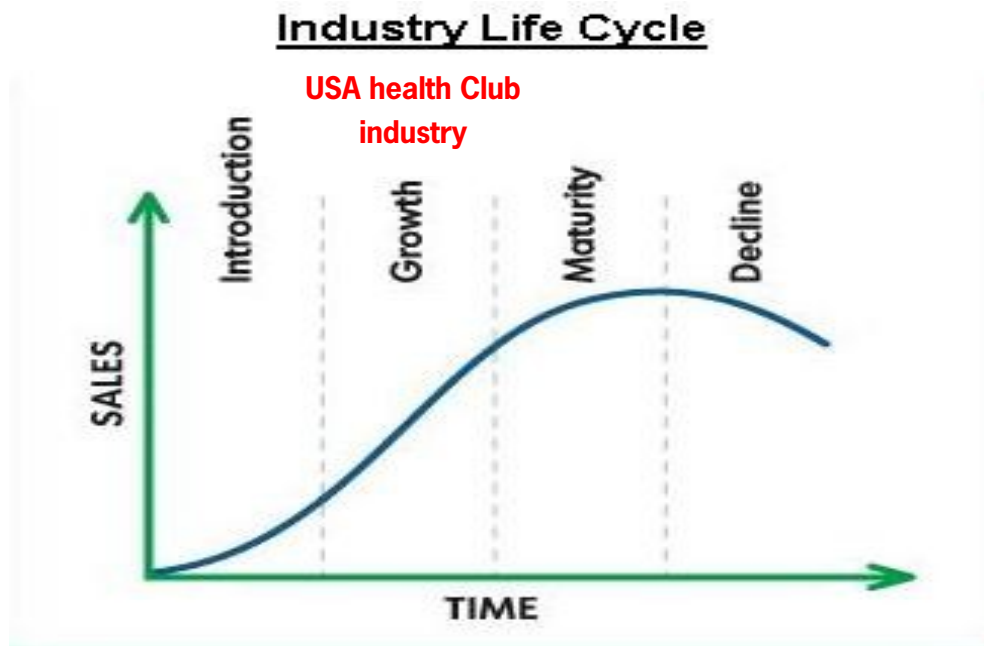
Growth of Health Clubs in Florida:



4.1.1 Industry Life Cycle:

Health care and fitness industry in USA is still in the growing stage, although it has been more than two decades of active operations. Currently, total membership has reached 41.3 million with an average household income of \$76,000. Market coverage is only 14%⁷ of total population throughout USA, which is huge potential for growth in years to come.

⁷ CALCULATION OF POPULATION FROM WEBSITE [HTTP://WWW.CENSUS.GOV/](http://www.census.gov/) (ACCESSED MARCH 9, 2009)



4.1.2 Cyclical trends in Industry:

Health club business is not affected by different seasons and keeps running smoothly throughout the year.

4.2 Market Facts:

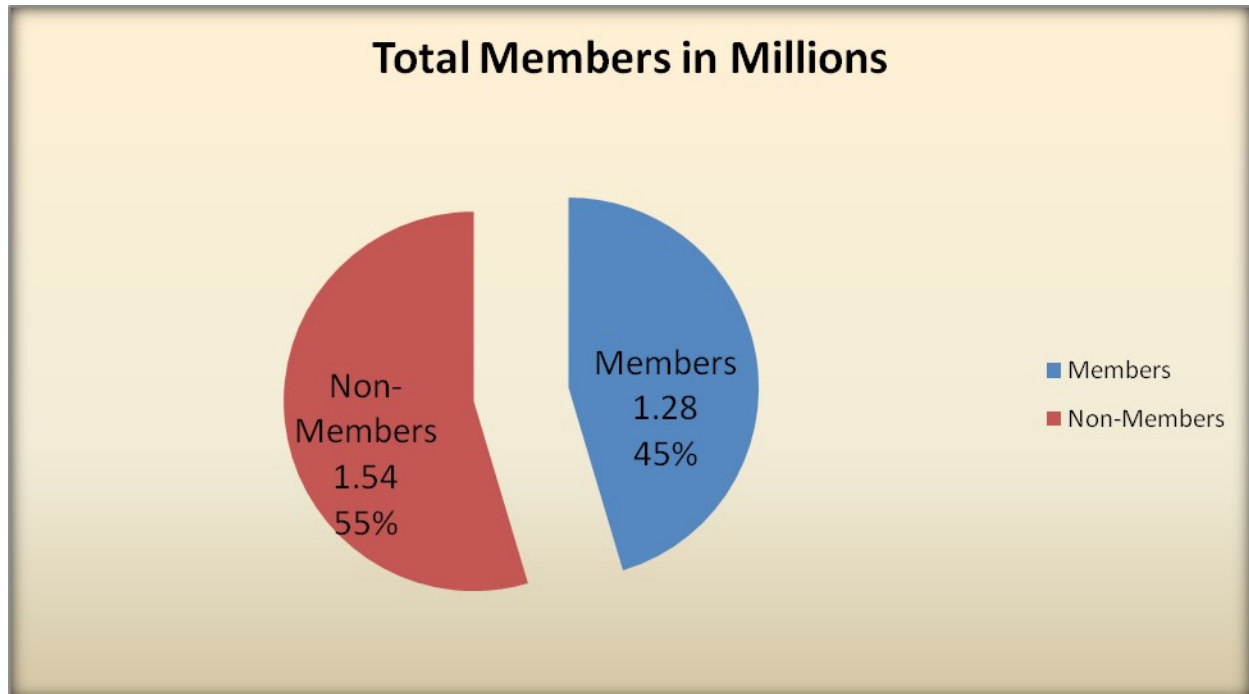
Health club market in USA has grown rapidly in the last 10 years, following are the key points related to health club members in USA.

- Out of the total 41.3 million members in USA, 48% are male and 52% female.
- Average annual income of health club member is \$76,000.
- On average health club member attends 92 days per year in their club.
- Most widely used health club program is personal training.
- Top area of development in U.S. health clubs is cardiovascular equipment.

- Although medical research has pointed out several benefits of body fitness and workout, still almost 90% population in America is yet to attend health clubs.

4.3 Market Size:

Total market size in Miami, Florida is almost 1.28 million⁸ members. Total population in Miami including Miami-Dade County is 2.82 million⁹. That's makes almost 45.3%¹⁰ attendance of members in health clubs. See the chart below to understand percentage of estimated members.



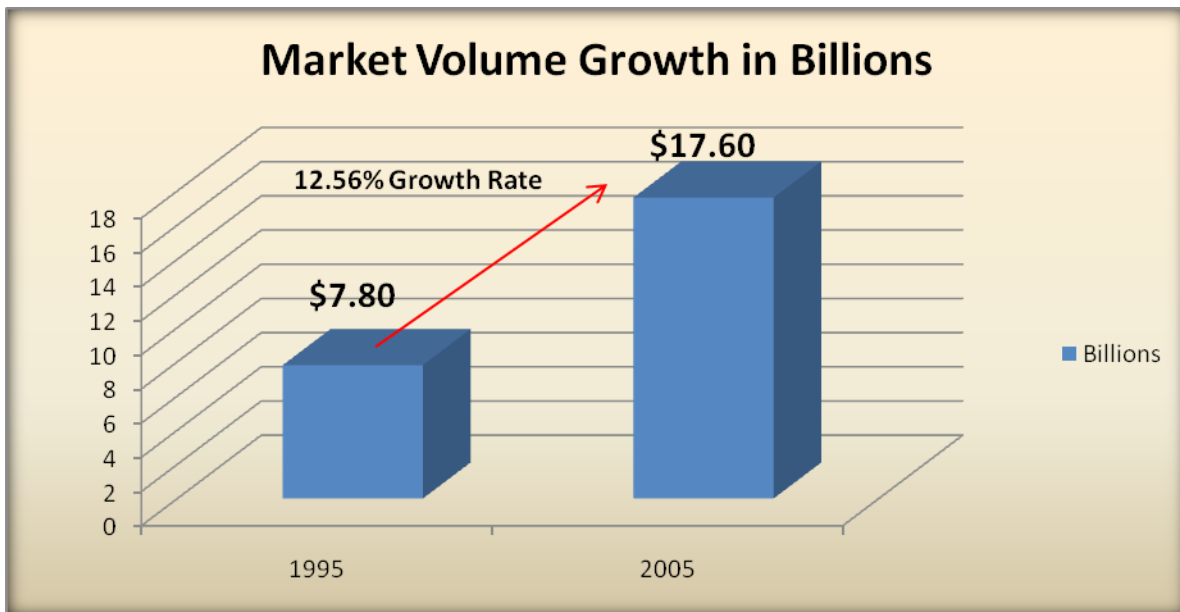
⁸ CALCULATION FROM ACTIVE MARKETING WEBSITE, CHECK APPENDIX D

⁹ [HTTP://WWW.MIAMIGO.COM/ECONOMICDEVELOPMENT/PAGES/RESEARCH/MIAMI%20MARKET%20ANALYSIS_112707.PDF](http://www.miamigo.com/economicdevelopment/pages/research/miami%20market%20analysis_112707.pdf) (ACCESSED MARCH 9, 2009), CHECK APPENDIX E

¹⁰ CALCULATION FROM ACTIVE MARKETING WEBSITE, CHECK APPENDIX F

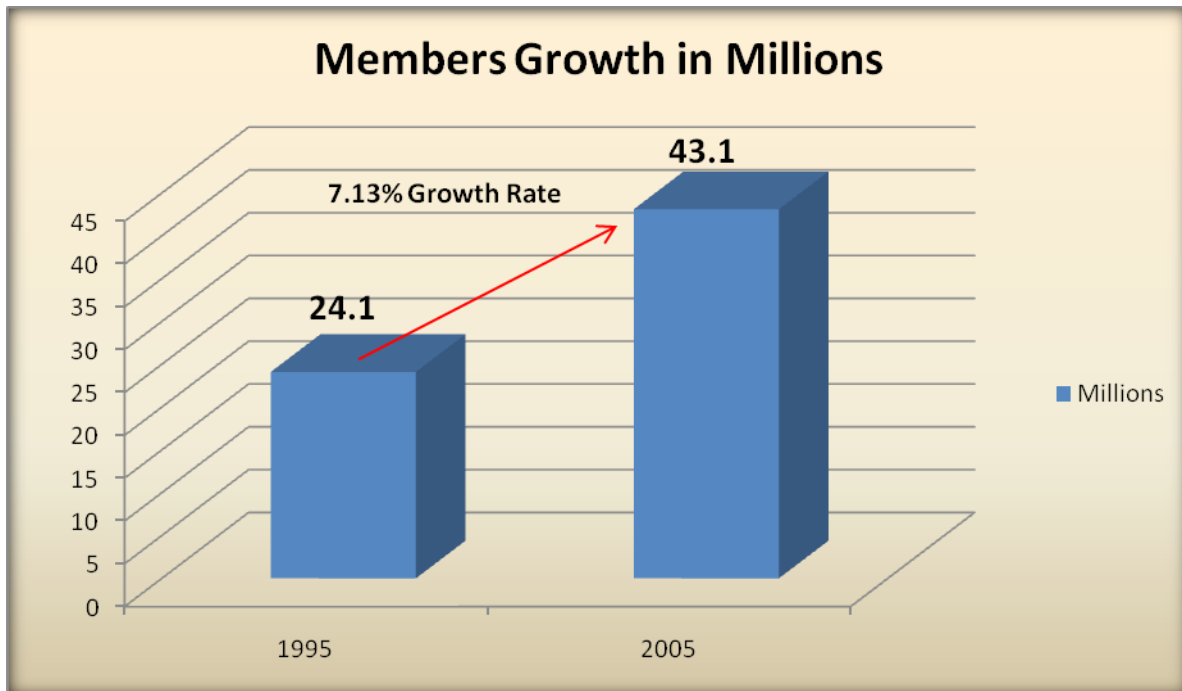
4.4 Market Growth:

Health care market in US has grown at a very healthy rate in the last decade. As of 2007, health club market reached \$17.6 billion. It has doubled in size at almost 12.56%¹¹ that was \$7.8 billion in year 1995. It was a 24.1 million¹² members market in the year 1995 which has grown at almost 7.13% to reach 41.3 million in 2005. See the chart below to understand market growth of health clubs in USA.



¹¹ CALCULATION FROM WEBSITE SEEKINGALPHA.COM, CHECK APPENDIX G

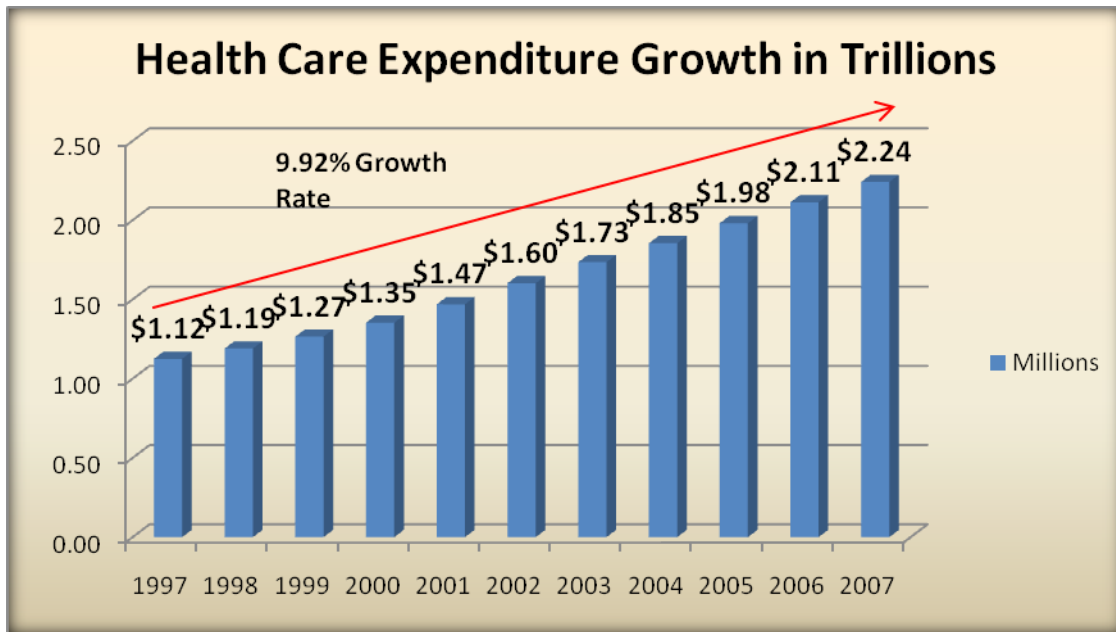
¹² [HTTP://SEEKINGALPHA.COM/ARTICLE/7954-LIFE-TIME-FITNESS-A-STOCK-ON-STERIODS-LTM](http://seekingalpha.com/article/7954-life-time-fitness-a-stock-on-steroids-ltm) (ACCESSED MARCH 9, 2009)



Factors Causing Market Growth:

Health Care Expenditure: Health care expenditure is increasing in USA, it was 1.1 trillion in year 1997, which grown at almost 9.92%¹³ to reach 2.24 trillion in 2007. See the chart below to understand health care expenditure growth. Almost 10% of that expenditure is on the account of obesity disease.

¹³ [HTTP://WWW.CMS.HHS.GOV/NATIONALHEALTHEXPENDDATA/DOWNLOADS/NHE2007.ZIP](http://www.cms.hhs.gov/NATIONALHEALTHEXPENDDATA/DOWNLOADS/NHE2007.ZIP) (ACCESSED MARCH 7, 2009)



4.5 Market Demand:

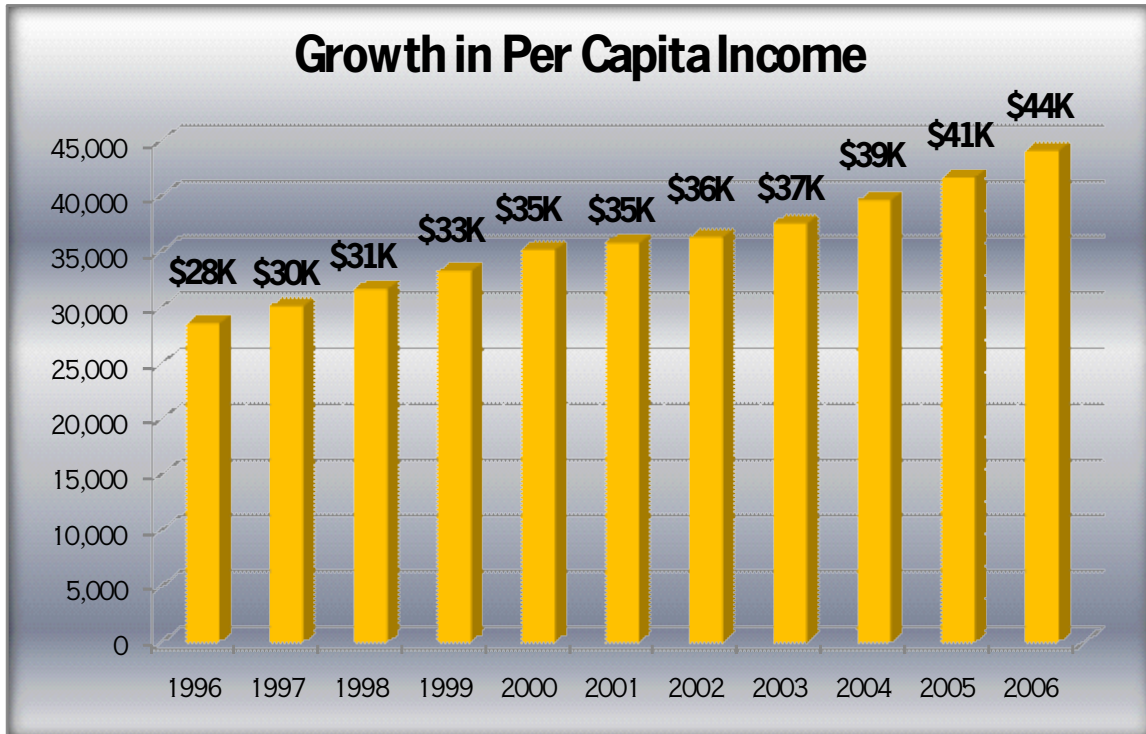
Health care club market in USA is getting more and more demanding with the passage of time. Following are the common demands that have arise in recent past.

1. **Customization:** People who already have membership or those who are willing to have one, are interested in subscribing to a customized health care plan according to their requirements or as per the recommendation of medical expert.
2. **Ease of Service:** People are looking for exercises that are easy to adopt and are performed by expert trainers.
3. **Effectiveness of Exercise:** Members are very demanding over results of the exercises which they are performing. An expert trainer can be helpful in setting a proper exercise plan for the members so they can work out accordingly.

Factor Causing Market Demand

Per Capita Income Increase: Continuously increasing per capita income in the last decade has enable people of USA to focus more on their health related issues such as spending time in health care clubs and gyms. Health care

expenditures are directly fueled by this increment in per capita income; see the chart below for details of growth rate in per capita income which is almost 5.4%¹⁴



4.6 Market Trends:

Health care club industry has been changing its trends very quickly of late. Last five years have seen major changes in trends such as following:

1. Individual usage of fitness and health care training equipment has increased.
2. Body work out and exercise has become a daily life routine of many Americans in the last decade.
3. Fitness memberships are increasingly getting popular in office environment of USA. Companies are including health memberships as part of employee remuneration package.

¹⁴ [HTTP://WWW.WHO.INT/WHOSIS/DATA/SEARCH.JSP?INDICATORS=\[INDICATOR\].\[SDEC\].MEMBERS](http://www.who.int/whosis/data/search.jsp?indicators=[INDICATOR].[SDEC].MEMBERS) (ACCESSED MARCH 7, 2009), CHECK APPENDIX H

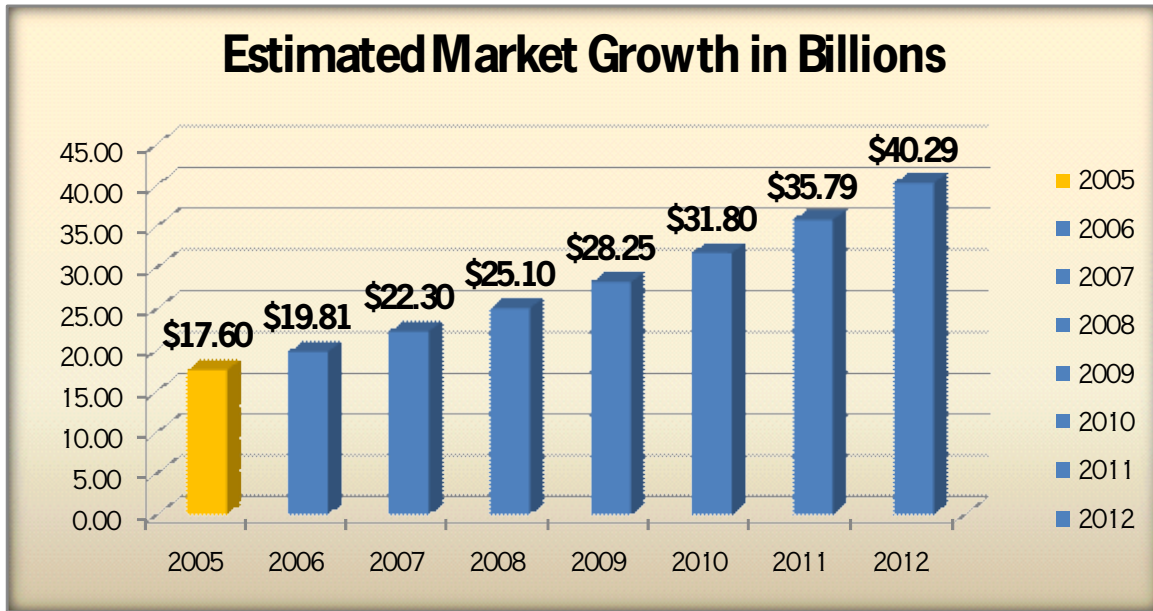
4.7 Market Growth Potential:

Health care club industry has a lot of potential in the future for both existing and new investors. Market is expected to reach 60 million¹⁵ members by the year 2010. Market volume which is \$17.6 billion as of 2005 is expected to reach \$31.8 billion¹⁶ by the year 2010. See the chart below for expected growth of members and market volume by the year 2012.



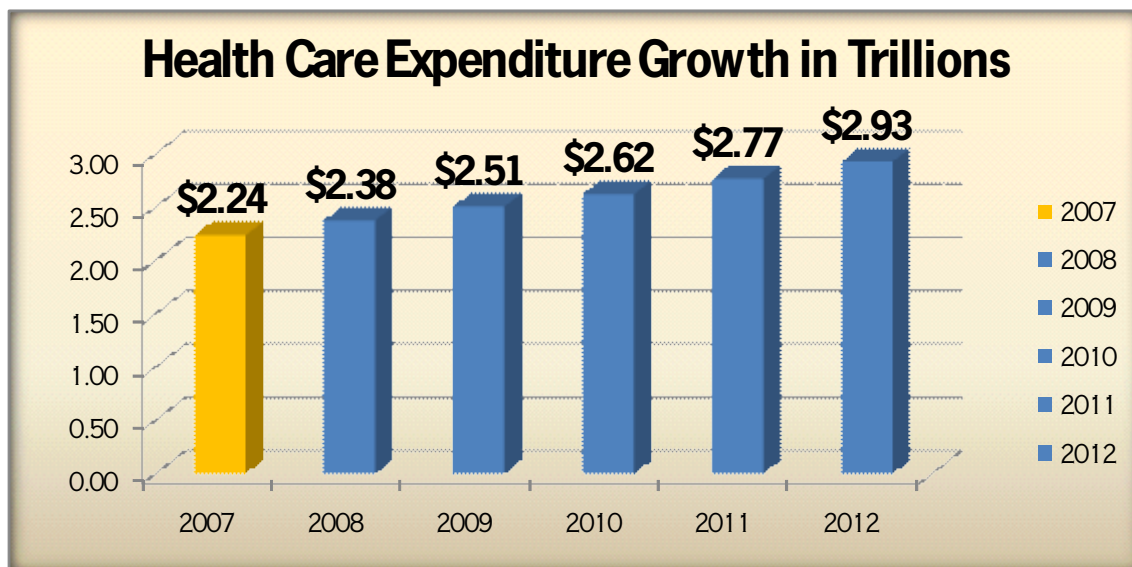
¹⁵ CALCULATION FROM WEBSITE SEEKINGALPHA.COM, CHECK APPENDIX I

¹⁶ CALCULATION FROM WEBSITE SEEKINGALPHA.COM, CHECK APPENDIX J



Factor Causing Market Growth Potential:

Health Care Expenditure: USA health care expenditure has been continuously growing in the past and it is expected to reach \$2.93 trillion by the year 2012¹⁷. See the chart below to understand potential growth of health care expenditures:



¹⁷ [HTTP://WWW.CMS.HHS.GOV/NATIONALHEALTHEXPENDDATA/DOWNLOADS/NHE65-18.ZIP](http://www.cms.hhs.gov/NATIONALHEALTHEXPENDDATA/DOWNLOADS/NHE65-18.ZIP) (ACCESSED MARCH 7, 2009)

4.8 Market Opportunities:

Health care club industry offers a huge lot of opportunities for existing and potential investors. Marketing is growing for many reasons, some of them are following:

1. Almost 300 million people are affected worldwide with obesity.
2. Almost 130 million Americans are overweight that includes more than 61 million who obese.
3. 15% children's in United States are overweight.
4. 18 million Americans with diabetes are suffering from high blood pressure and heart disease.
5. Treatment cost of obese patients is almost \$100 billion, which is 9% of total health care expenditure in USA.

4.9 Barriers to Entry:

No such barriers in the entry of health care clubs in USA.

4.10 Regulations:

- U.S. Food and Drug Administration
- Centers for Disease Control and Prevention
- United States Department of Health and Human Services

4.11 Service Potential:

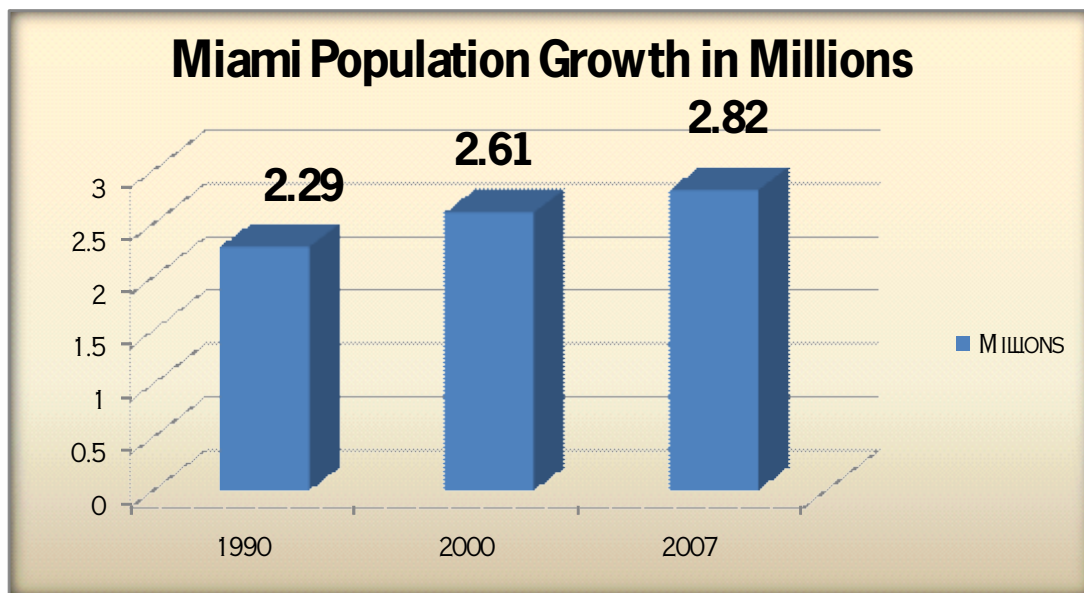
Currently Fitness plus are only focusing on developing a fitness and health care facility, but in the future they are planning to extend its operations for creating public awareness about different disease and health care issues on no profit basis.

4.12 Targeted Audience:

Fitness Plus will be starting its operations in Miami, Florida. This market houses almost 21.7% of total Florida State market of 1,691 health care clubs. Following are the demographics of Miami.

a. Total Population:

According to 2007 report of Miami government, total population is 2,828,649. It was 2,295,937 in the census of 1990. Growth rate is almost 1.36%¹⁸ from 1990 to 2007. See the chart below.

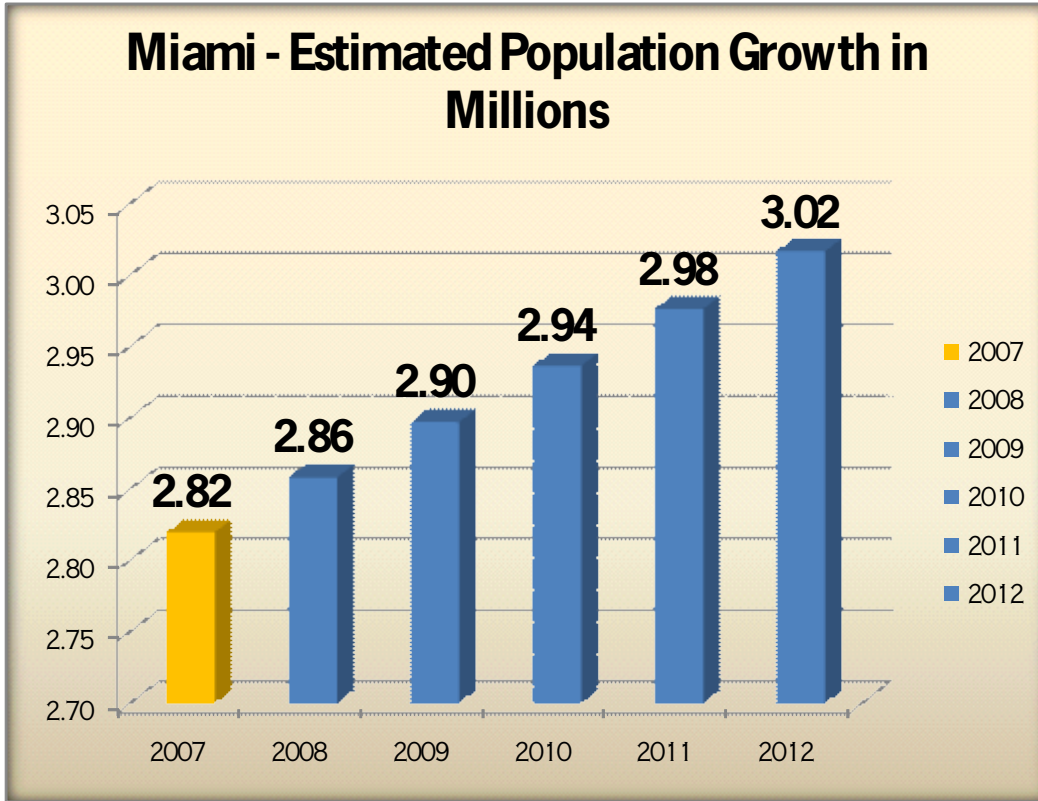


b. Estimated Population Growth:

As per the growth rate of Miami population in 2007 that is 1.36%, population in Miami is estimated to reach 3 million¹⁹ by the year 2012. See the chart below to understand population growth in Miami.

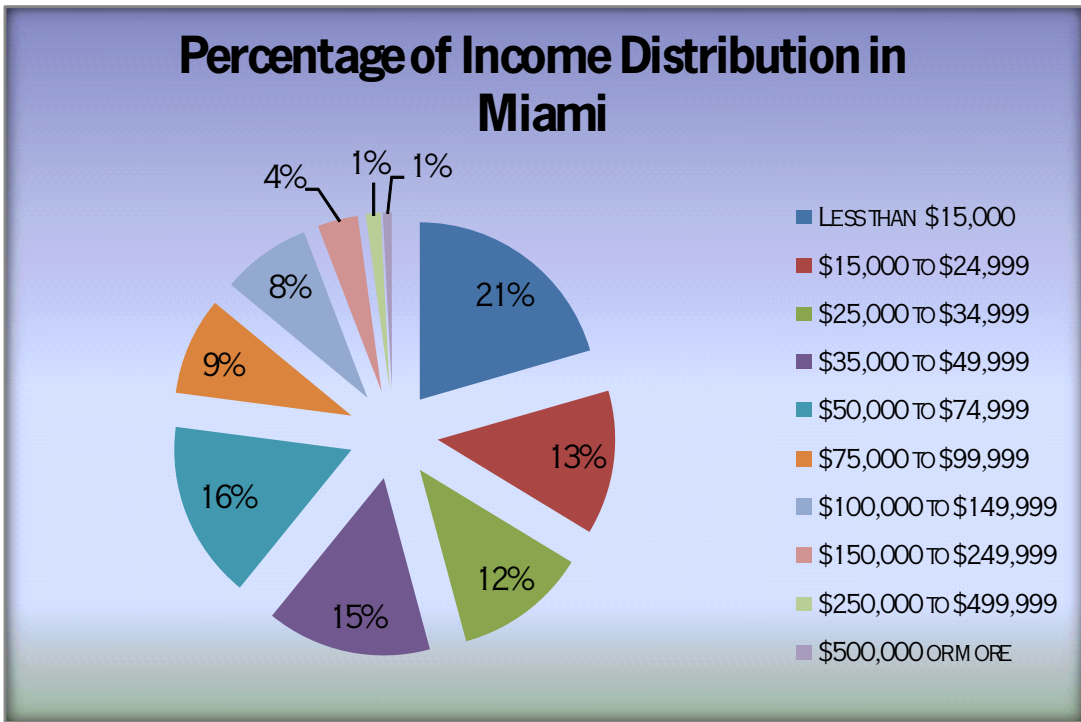
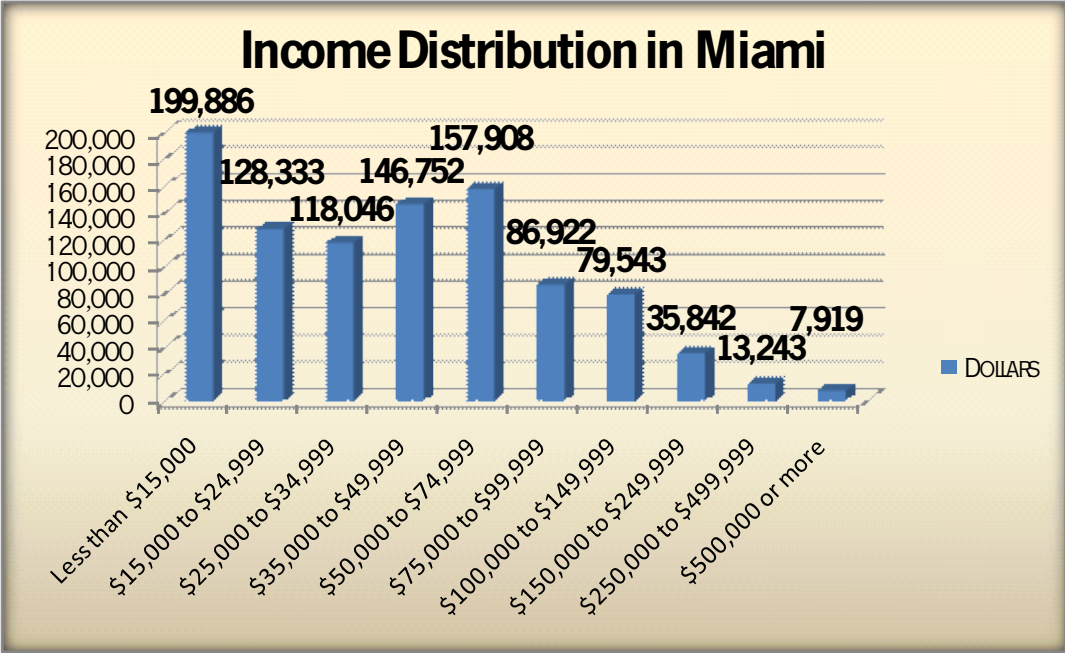
¹⁸ CALCULATION FROM WEBSITE SEEKINGALPHA.COM, CHECK APPENDIX K

¹⁹ CALCULATION FROM WEBSITE SEEKINGALPHA.COM, CHECK APPENDIX L



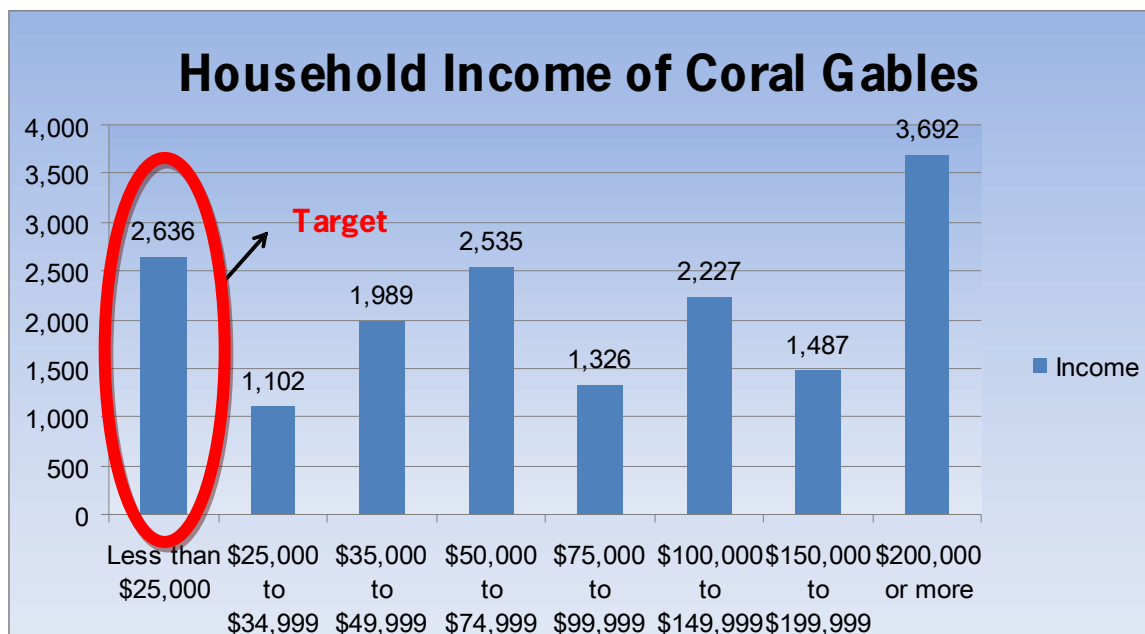
c. Population Household Income:

According to 2007 report of Miami government, average household income of Miami residents is \$53,408. See the chart below to understand different levels of household income.



Coral Gables Market:

Fitness Plus is targeting Coral Gables market which has a population of 42,794²⁰. Their targeted segment is 2,636²¹ potential customers who are earning below \$25,000. It is almost 15.51%²² of total households of Coral Gables city which is 16,994. This segment is unrivaled by the top health clubs of city. See the chart below to understand different income segments in Coral Gables.



²⁰ [HTTP://QUICKFACTS.CENSUS.GOV/QFD/STATES/12/1214250.HTML](http://quickfacts.census.gov/qfd/states/12/1214250.html) (ACCESSED MARCH 9, 2009)

²¹ [HTTP://FACTFINDER.CENSUS.GOV/SERVLET/ADPTABLE?_BM=Y&-GEO_ID=16000US1214250&-QR_NAME=ACS_2007_3YR_G00_DP3YR3&-DS_NAME=ACS_2007_3YR_G00_&-LANG=EN&-SSE=ON](http://factfinder.census.gov/servlet/ADPTABLE?_BM=Y&-GEO_ID=16000US1214250&-QR_NAME=ACS_2007_3YR_G00_DP3YR3&-DS_NAME=ACS_2007_3YR_G00_&-LANG=EN&-SSE=ON) (ACCESSED MARCH 9, 2009)

²² CALCULATION FROM WEBSITE CENSUS.GOV, CHECK APPENDIX M

4.13 Competition:

Fitness Plus will enter in a highly competitive market of Miami, but following three will be direct competitors of them due to their presence in Coral Gables.

1. **30 In A Hurry Fitness Coral Gables Personal Training:**

112 Valencia Ave.

Coral Gables, FL 33134

Website: www.30inahurryfitness.com

Services offered: Fitness Consultation, Personal Training, 30 Day Makeover, Intense 30 Minutes, Adventure BootCamp, Home Workouts and Fitness Equipment.

2. **Coral Gables Adventure Bootcamp:**

2810 Ponce de Leon Blvd.

Coral Gables, FL 33134

Website: www.gablesbootcamp.com

Services offered: Core conditioning, short distance running (less than one mile), muscular strength, jumping rope, circuit training, hiking, sport yoga, fitness kick boxing, Pilates, sport drills and obstacle courses.

3. **Gold's Gym:**

3737 S.W. 8th Street

Coral Gables, FL 33134

Website: www.goldsgym.com

Service offered: Strength training/cardio, diet and nutrition, group exercise of spin, yoga, Pilates and many others, fitness related medical information, sports training, senior fitness, youth fitness, pre and post natal.

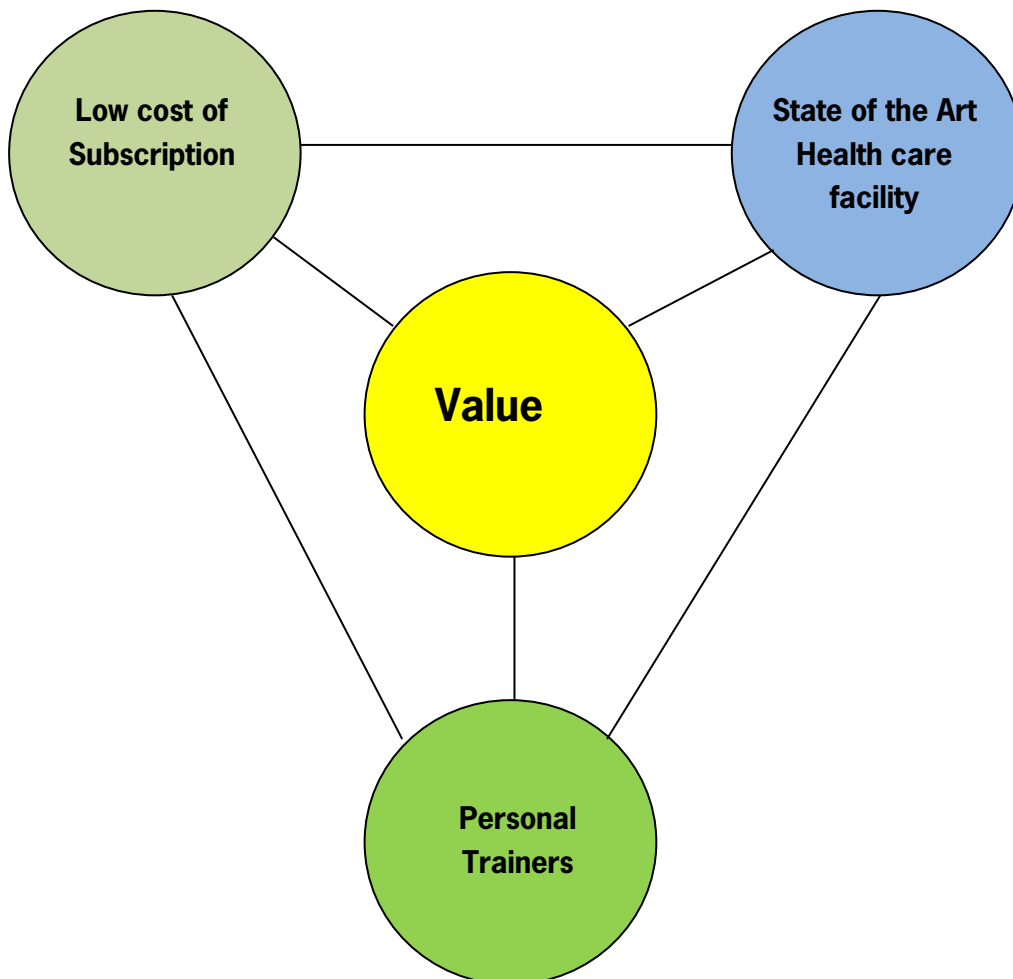
4.14 Market Niche:

Fitness Plus will enter in the market to serve low income segment of customer that forms 6.1% of total population in Coral Gables who are earning less than \$25,000. Fitness Plus will provide low price services in the start to attract masses, and eventually set it to competitive rate.

Marketing Strategy

5.1 Value Proposition:

- State of the art facility with latest equipment from quality manufacturers
- Low cost with monthly, quarterly and annual subscription plans. Starting from as low as \$100 for basic body workout exercises.
- Personal qualified trainers to help our members achieving results without wasting much time



5.2 Branding:

Fitness Plus will create their official website for creating a brand and company image in the market, as well as providing subscription online.

5.3 Marketing Objectives:

Fitness Plus will focus on creating a brand image in the Coral Gables vicinity. They will participate in the major events of health care awareness and education programs.

5.4 Strategy:

Fitness Plus will start by targeting low income segment of market downtown Coral Gable area. They will convince people about the benefits and needs of wellness programs. This will be accomplished by aggressively pursuing interaction and relationships with peoples in public health awareness programs and by sending newsletters and emails through website.

5.5 Marketing Budget:

Fitness Plus has allocated \$5,000 for marketing in the year 2009. This budget will be used for advertising on newspaper, television, radio and printing brochures.

SWOT Analysis

Strengths:

- Management committed towards to a result orientated approach to attract and maintain customers in a highly competitive market.
- Health care program is well-thought according to the need of layman.
- Lowest cost of service in the entire market of Coral Gables.
- Company will hire qualified and trained staff.

Weaknesses:

- Personal training services can be high in costs.
- Fitness Plus is low in staff that can be problem in providing service to a large pool of members.
- Club is short of marketing budget to attract large business client.

Opportunities:

- Health care club market is rapidly growing.
- Increasing heart and obesity disease are causing people to pay importance to exercise and health care activities.
- People are getting use to have gym and health clubs in their daily routine of life.
- A large segment of market is still untapped, low income area will be of special focus for Fitness Plus which is totally ignored by the rivals.

Threats:

- Recession and economic downturn can slow down the growth of health clubs.

- Low cost offer from well established competitors. Although it's a small level threat due to a fact that market is rapidly growing.
- Low cost health care equipments availability for home exercise.

Graphical Presentation of SWOT

	Helpful FOR ACHIEVING THE OBJECTIVES	Harmful FOR ACHIEVING THE OBJECTIVES
Internal	Strength <ul style="list-style-type: none"> • LOWEST PRICE • MANAGEMENT OF HEALTH CARE EXPERTS • QUALIFIED AND TRAINED 	Weakness <ul style="list-style-type: none"> • HIGH COST OF PERSONAL TRAINING SERVICE • LOW IN MARKETING BUDGET AND STAFF
External	Opportunities <ul style="list-style-type: none"> • RAPIDLY GROWING MARKET • OBESITY DISEASE IS ON THE RECORD HIGH • NO COMPETITION IN THE LOW 	Threats <ul style="list-style-type: none"> • A POSSIBLE LOW COST OF SERVICE FROM COMPETITORS • AVAILABILITY OF LOW COST HEALTH CARE EQUIPMENT

Marketing Mix

Fitness Plus health club's marketing mix is based on the following factors of product, cost, distribution, advertising and publicity.

Product:

- **Health Care Services:**
 - Aerobics
 - Cycling
 - Boxing
 - Yoga
 - Pilates
 - Muscle Training
 - Diabetes & Obesity Control

Price:

- **Penetration Pricing:**

Fitness Plus will face a challenging situation in highly competitive market of Coral Gables, Florida. Therefore health club will offer quality exercise and body work out services at cost less than existing market standard which is maintained by players such as Gold's Gym. They will offer basic body workout and exercise service for only \$100, in addition they will offer other services low in cost to compete with the market.



Place:

- **Direct Supply / Direct Sale:**

Fitness Plus will have their health club facility near the main street of Coral Gable city. They will not involve in any kind of franchise or branch network other than Coral Gable vicinity.

Promotion:

- **Media Advertising:**

Fitness Plus will use internet, newspapers, magazines, television and radio as the medium of advertisement. In addition they will print 5,000 brochures for creating awareness in the market about their health care services; they will be distributed in major health care seminars and events where officials from Fitness Plus will participate.

Operational Plan

8.1 Service Execution Timeline:

Fitness Plus will follow this service execution model to enter in the health club market.

Task	Execution Period						
	January	February	March	April	May	June	July
Choosing location	✓						
Website Development		✓					
Hiring training and admin staff			✓				
Advertising				✓	✓	✓	
Opening of Health Club							✓

8.2 Location:

Fitness Plus will start its business in main street area of Coral Gables; there is presence of already established health clubs such as Gold's Gym and Coral Gables Adventure Bootcamp.

8.3 Legal Environment:

There are no current legal obligations for Fitness Plus health club.

8.4 Personnel:

Fitness Plus will start with a total of 10 initial staff members that includes owners as well.

Management and Organization

9.1 Management Strength:

Steve Homes:

Steve is the owner and manager of overall operations of Fitness Plus. He is MBA from the University of California with major in health care management. He is a great enthusiast of health care activities and is involved in them since his academic age.

Exposure to Management:

Steve served as GM at CBC Heart Disease Hospital from year 2000 to 2004. He was initially appointed for 2 years but later his contract was extended in reward to his excellent performance.

Experience as Financial Analyst:

Steve worked as financial analyst for more than 5 years, he took more than 5 financial management projects of multinational health care companies, which includes following companies:

- Covidien
- DentiMax
- Healthcare IT Transition
- LifePoint Healthcare Services
- Cypress Pharmaceutical Company

Warren Glitz:

Glitz is the co-owner and manager sales of Fitness Plus. He is MBA from university of Texas with major in sales and marketing. Glitz has more than 10 years of experience of sales and marketing at managerial position in top ranked pharmaceutical companies, which includes following:

- Caritas Christi
- Lincare Holdings Inc
- Jefferson Health System

- Memorial Health Ventures
- Apria Healthcare Group Inc
- Gentiva Health Services, Inc

9.2 Bankers:

That will be decided based on the requirement of feasibility of business.

9.5 Advisor:

Miami Athletic Club & Wellness Center is the advisor of Fitness Plus.

Financial Plan

10.1 Start-up expenses

The start-up expenditures for Fitness Plus, Inc are summarized below:

Startup Expenses

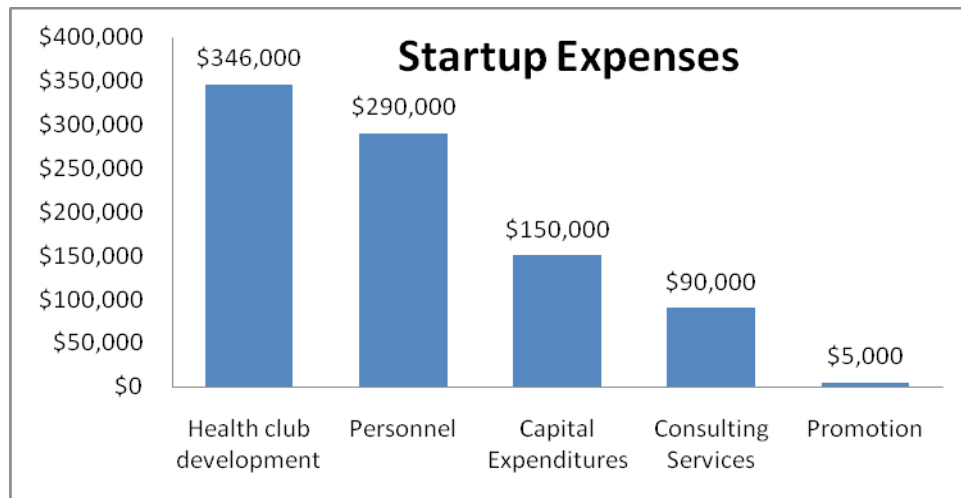
Fitness Plus, Inc

Sources of Capital

Investment requirement	\$1,000,000
	-
Total Investment	<u>\$1,000,000</u>

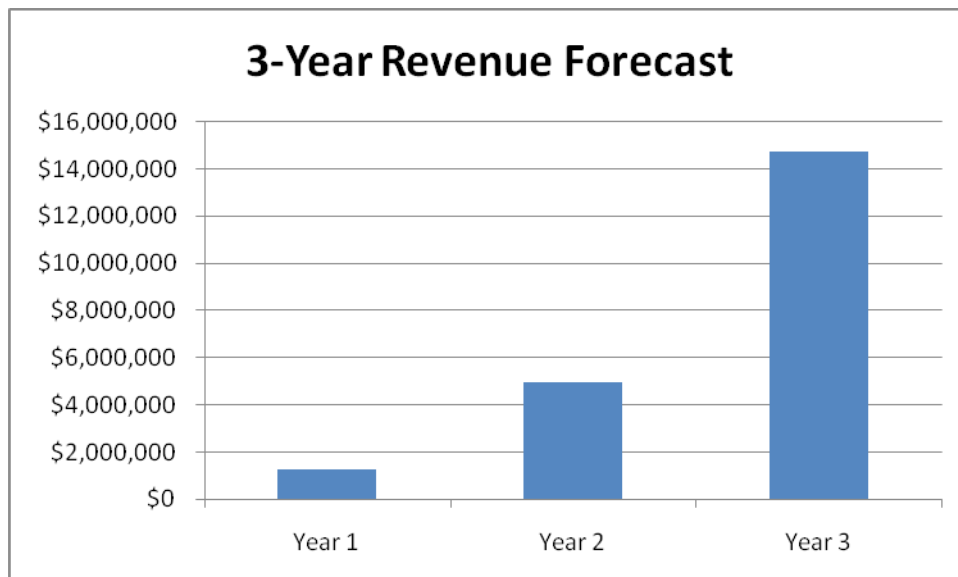
Startup Expenses

Health club development	\$346,000
Personnel	\$290,000
Capital Expenditures	\$150,000
Consulting Services	\$90,000
Promotion	\$5,000
Total Start-up Expenses	<u>\$881,000</u>



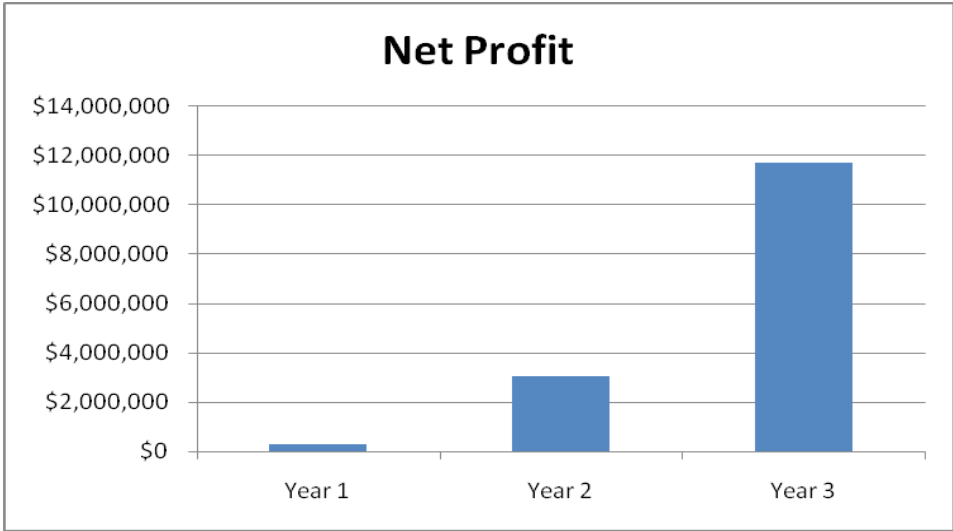
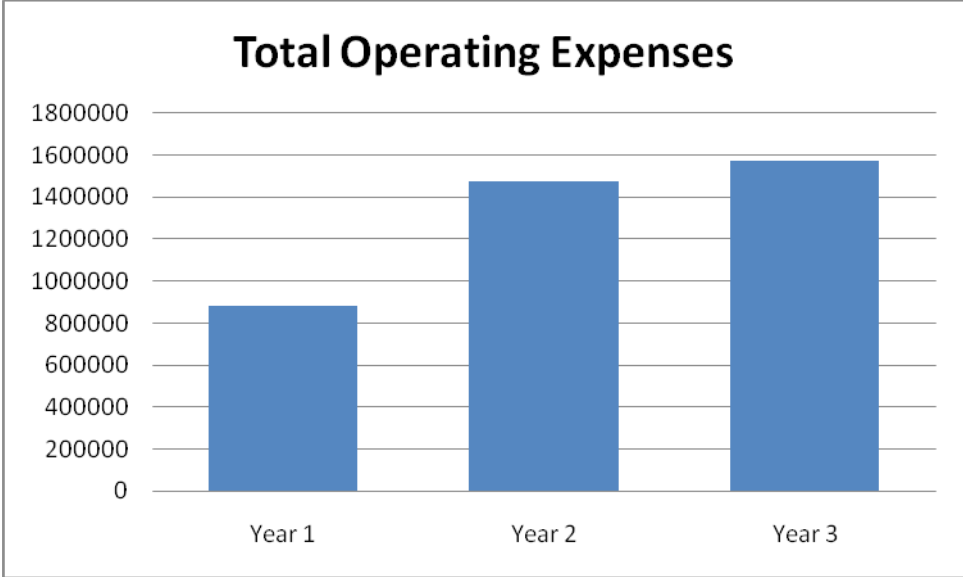
10.2 Revenue Forecast (3 - Year):

Sales Forecast (3 Years)			
Fitness Plus, Inc			
	Year 1	Year 2	Year 3
Health Club memberships			
Year 1: 25000 members	\$1,225,000		
Year 2: 100,000 members		\$4,900,000	
Year 3: 300,000 members			\$14,700,000
Others:			
Sales of training equipment (20% growth each year)	-	\$35,000	\$42,000
Total Revenue	\$1,225,000	\$4,935,000	\$14,742,000



10.3 Profit and Loss Projection (3-Year)

	Year 1	Year 2	Year 3
<u>Revenue (Sales)</u>			
Health club memberships	\$1,225,000	\$4,900,000	\$14,700,000
Sales of sports training equipment	-	\$35,000	\$42,000
Total Revenue (Sales)	\$1,230,000	\$4,940,000	\$14,751,000
<u>Operating Expenses</u>			
Health club development	\$346,000	-	-
Personnel	\$290,000	\$840,000	\$940,000
Capital Expenditures	\$150,000	\$148,200	\$150,000
Consulting Services	\$90,000	\$480,000	\$480,000
Promotion	\$5,000	\$6,000	\$6,000
Total Operating Expenses	\$881,000	\$1,474,200	\$1,576,000
Profit Before Taxes	\$322,900	\$3,385,800	\$13,025,000
Taxes (10%)	\$32,290	\$338,580	\$1,302,500
Net Profit	\$290,610	\$3,047,220	\$11,722,500



10.4 Pro forma Cash Flows (3-Year)

Pro forma Cash Flows			
Fitness Plus			
	Year 1	Year 2	Year 3
Cash Received			
<u>Cash from Operations</u>			
Cash Sales	\$1,230,000	\$4,940,000	\$14,751,000
Cash from Receivables	\$0	\$0	\$0
Subtotal Cash from Operations	\$1,230,000	\$4,940,000	\$14,751,000
<u>Additional Cash Received</u>			
New Borrowing	\$1,000,000	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$2,230,000	\$4,940,000	\$14,751,000
Expenditures			
<u>Expenditures from Operations</u>			
Personnel	\$290,000	\$840,000	\$940,000
Consulting Services	\$90,000	\$480,000	\$480,000
Promotion	\$5,000	\$6,000	\$6,000
Subtotal Spent on Operations	\$385,000	\$1,326,000	\$1,426,000
<u>Additional Cash Spent</u>			
Taxes	\$32,290	\$338,580	\$1,302,500
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$810,000	\$810,000	\$1,345,000
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$1,227,290	\$2,474,580	\$4,073,500
Net Cash Flow	\$1,002,710	\$2,465,420	\$10,677,500
Cash Balance	\$1,012,710	\$3,478,130	\$14,155,630

10.5 Projected Balance Sheet:

Balance Sheet (Projected)		
Fitness Plus, Inc		
	Beginning	Projected Year 1
Assets		
<u>Current Assets</u>		
Cash in bank	\$10,000	\$1,012,710
Accounts receivable	-	14,040
Prepaid expenses	1,500	1,500
Total Current Assets	\$11,500	\$1,028,250
<u>Fixed Assets</u>		
Training Machines	\$346,000	\$660,000
Furniture	\$150,000	\$150,000
Total Fixed Assets	\$496,000	\$810,000
TOTAL Assets	\$507,500	\$1,838,250
Liabilities and Equity		
<u>Current Liabilities</u>		
Accounts Payable	\$0	\$40,140
<u>Long-term Debt</u>		
Bank loans payable	\$0	\$1,000,000
Total Liabilities	\$0	\$1,040,140
<u>Owners' Equity</u>		
Retained earnings - beginning	\$507,500	\$507,500
Retained earnings - current	-	\$290,610
Total Owners' Equity		\$798,110
Total Liabilities & Equity	\$507,500	\$1,838,250

10.6 Breakeven Analysis

Breakeven Analysis			
Fitness Plus, Inc			
Cost Description	Fixed Costs (\$)	Variable (%)	Costs
Variable Costs			
Personnel		10.00%	
Consulting services		3.00%	
Fixed Costs			
Health club development	\$346,000		
Personnel	\$290,000		
Capital Expenditures	\$150,000		
Consulting Services	\$90,000		
Promotion	\$5,000		
Taxes	\$32,290		
Total Fixed Costs	\$913,290		
Total Variable Costs		13%	
Breakeven Sales level =	1049759		

Appendix

- a. 49.5% market share of top ten states out of total 29,069 health clubs in USA.

Website: <http://activemarketinggroup.com/AssetFactory.aspx?did=32>

- California 3,281
- New York 1,842
- Texas 1,860
- Florida 1,691
- Pennsylvania 1,393
- Ohio 993
- Illinois 1,183
- Massachusetts 874
- Michigan 909
- Alabama 366

- b. Florida market share in health clubs is 5.81%.

Website: <http://activemarketinggroup.com/AssetFactory.aspx?did=32>

- Total 29,069 in USA
- Total 1,691 health clubs in State of Florida

- c. Florida health club growth rate is 9.59%.

Website: <http://activemarketinggroup.com/AssetFactory.aspx?did=32>

- 863 clubs in 1995
- 1,691 clubs in 2005

d. Total market size of Miami, Florida is 1.28 million.

Website: <http://activemarketinggroup.com/AssetFactory.aspx?did=32>

- Florida has 14.5% of total 41.3 million (5.9 million)
- Miami 21.7% of total Florida market (1.28 million)

e. Total population in Miami is 2.82 million as of 2007 report.

Website: <http://www.miamigov.com>

- Population in Miami 2,430,421
- Population in Miami-Dade County 398,228

f. Total members in Miami almost 45.3%.

Website: <http://activemarketinggroup.com/AssetFactory.aspx?did=32>

- Total population 2.82 million
- Estimated members 1.28 million

g. Health club market growth in volume is 12.56% and member growth 7.13%.

Website: <http://seekingalpha.com/article/7954-life-time-fitness-a-stock-on-steroids-ltm>

- **Market Volume:**
 - 2005 market size is \$17.6 billion
 - 1995 market size was \$7.8 billion
 - **Members Growth:**
 - 1995 total members were 24.1 million
 - 2005 total members are 41.3 million
- h. Growth rate in per capita income from 1996 to 2006 is 5.4%.

Website: <http://www.who.int/>

- Per capita income in 1996 was \$28,600
 - Per capita income in 2006 \$44,070
- i. Market will touch 60 million members by the year 2010.

Website: <http://seekingalpha.com/>

- Growth rate of 7.13% from 1995 to 2005
- Market in 2005 was 43.10 million
- Market in 2006 will be 46.17 million
- Market in 2007 will be 49.47 million
- Market in 2008 will be 52.99 million
- Market in 2009 will be 56.77 million
- Market in 2010 will be 60.82 million
- Market in 2011 will be 65.15 million

- Market in 2012 will be 69.80 million
- j. Health care club market will reach \$31.8 billion by the year 2010.

Website: <http://seekingalpha.com/>

- Growth rate of 12.56% from 1995 to 2005
 - Market volume in 2005 was \$17.60
 - Market volume in 2006 will be \$19.81
 - Market volume in 2007 will be \$22.30
 - Market volume in 2008 will be \$25.10
 - Market volume in 2009 will be \$28.25
 - Market volume in 2010 will be \$31.80
 - Market volume in 2011 will be \$35.79
 - Market volume in 2012 will be \$40.29
- k. Total population growth rate in Miami is 1.36%.

Website: <http://www.miamigov.com>

- Population in 1990 was 2.29 million
- Population in 2000 was 2.61 million
- Population in 2007 was 2.82 million

- I. Total population of Miami will reach 3 million by the year 2012.

Website: <http://www.miamigov.com>

- Growth rate from 1990 to 2007 is 1.36%
- Population in 2007 was 2.82 million
- Population in 2008 will be 2.86 million
- Population in 2009 will be 2.90 million
- Population in 2010 will be 2.94 million
- Population in 2011 will be 2.98 million
- Population in 2012 will be 3.02 million

- M. Target population of Fitness Plus is 15.51%.

Website: www.census.gov

- Below \$25,000 household income is 2,636
- Total household in Coral Gables is 16,994