



HÁSKÓLINN Á BIFRÖST
BIFRÖST UNIVERSITY

Glussa GYM – Business plan
-Lightweight baby!

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Glussa GYM Business Plan

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Abstract

The purpose of this business plan was to evaluate the potential demand for running a Fitness- and CrossFit Center in Akranes. Another aim was to find out if set Fitness- and CrossFit Center would generate profits from its operations. It was the authors believe that there could be a market opportunities in Akranes because of its increase in population and possible saturation at present centers.

In making of this business plan the framework which is defined in the book Principles of marketing by Philip Kotler, Gary Armstrong, Veronica Wong and John Saunders was utilized. SWOT and Porter's Five Force analysis among other were used to estimate the internal and environmental position on the market. The marketing environment was examined and possible strategies to attain market share were evaluated, through various advertisement channels. Secondary data was mostly used in research

The estimated start up costing is 48 million ISK which will be funded through investors and loan. The startup costing will cover renovations of the housing as well as importing all the equipment needed. With the set premises in sales and cost Glussa GYM is estimated to generate losses all throughout the five year plan which the business plan expands.

It is the author's conclusion that with given premises there is no base for a Fitness- and CrossFit Center in Akranes. Further recommendations would be for the founders to evaluate to operate only a CrossFit Center in Akranes which is much more cost efficient.

Keywords: business plan, fitness center, CrossFit center, marketing strategy, SWOT analysis, Porter's Five Force analysis,

Preface

This business plan is a part of the author's study for a bachelor's degree in business administration from Háksólinn á Bifröst. This business plan counts for 14 ECTS and was conducted the fall of the year 2011

The author wants to give thanks to all of those that have in one way or another taken part in the process of making this business plan. The author would like to give thanks to Hjörtur Smári Vestfjörð, Stefán Logi Haraldsson and Peter Cassidy for reviewing and giving thoughtful feedback.

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Jón Ingi Prastarson

Ágrip

Tilgangur þessarar viðskiptaáætlunar er að meta hugsanlegan markað fyrir stofnun á nýrri líkamsrættar- og CrossFit stöð á Akranesi. Einnig var ætlunin að komast að því hvort slík stöð komi til með að skila hagnaði frá starfsemi sinni. Það var trú höfundarins að það væru markaðstækifæri á Akranesi vegna aukningar á íbúum á svæðinu og hugsanlegrar mettnar núverandi líkamsrættarstöðvar.

Við gerða þessarar viðskiptaáætlunar var notast við umgjörð sem skilgreind er í bókinni Principles of marketing eftir Philip Kotler, Gary Armstrong, Veronica Wong and John Saunders. Jafnframt var notast við SVÓT og Porter's Five Force greiningar, auk annarra, til að skilgreina innri og ytri aðstæður á tilkomandi markaði fyrirtækisins. Markaðsumhverfið var einnig skoðaða og hugsanlegar stefnur mótaðar til að ná í markaðshlutdeild í gegnum ýmiskonar auglýsinga rásir.

Áætlaður stofnkostnaður er um 48 milljónir íslenskra króna og kemur til með að vera aflað í gegnum fjárfesta og lán. Stofnkostnaðurinn kemur til með að ná utanum endurbætur á hugsanlegu húsnæði sem og kaup á öllum búnaði sem þörf er á. Þegar litið er til sölu og innkomu Glussa GYM kemur í ljós að með gefnum forsendum kemur Glussa GYM til með að skila tapi öll fimm árin sem viðskiptaáætlunin nær yfir.

Það er niðurstaða höfundarins að af gefnum forsendum þá er ekki grunnur fyrir slíkri líkamsrættar og CrossFit stöð á Akranesi. En höfundur ráðleggur stofendur Glussa GYM að hugleiði að opna eingöngu CrossFit stöð á Akranesi þar sem hún gæti verið hagkvæmari.

Lykilorð: viðskiptaáætlun, líkamsrættarstöð, CrossFit stöð, markaðsáætlun, SVÓT greining, Porter's Fiver Force greining,

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1. Introduction

With technological and social changes exercise is becoming less and less part of our day to day activities. Our cultures have moved from physically intense work over to working mostly in offices all day long. This has led people to seek out alternative in exercises like attending courses of CrossFit or training at fitness centers. In these past years health consciousness has also been increasing and awareness of the benefits of a healthy lifestyle have further increased the demand from the society for more exercise options, some options for everybody.

The main question that this business plan will answer is if there is market for running a Fitness- and CrossFit center in Akranes? To answer this question it is important that the research material is defined with even further with sub questions. The sub questions which were used to answer the main question were as follows:

- What are the opportunities on the market?
- How big is the market demand?
- Evaluations of Porter's Fiver force analysis and SWOT analysis.
- How is the market environment, e.g. competition and price position?
- What is the start-up cost?
- Break-Even analysis.
- What is the estimated return?

It is the authors hope that this business plan can be used to apply for funding from investor or any financial institute and raise capital to establish Glussa GYM in Akranes. The main purpose of Glussa GYM is to meet the needs of the inhabitants for a quality fitness center, fitness center which is customer driven with the goal to help those that are in bad physical state to get started in changing their life for the better.

1.2. The genesis of the project

All my life I have, by those closest to me, been considered to be hyper active and through sports I have found a place where I can blow off all my extra energy. When I was just 5 years old I started training football and did all to the age of 17. By then I had tried badminton, basketball, swimming, volleyball, athletics and weightlifting. After I stopped training football

I started weightlifting, around the age of 16, and have ever since with slight deviations while trying out BootCamp or military training

Early on, when training at the gym in Akranes, it came to my attention that the fitness center was not big enough for all those that wanted to train, especially at the rush hours. This was about six years ago and nothing has been done by Akranes or furthermore ÍA to meet the increase in demand.

Since I started weightlifting I have carried the idea in my stomach that one day I could open up a new fitness center in Akranes to meet the requirements of the people. The demand has increased these passed years with inhabitants in Akranes rising from 5.400 in 2001 to 6.500 in 2010, almost 17% (Statistic Iceland, 2011). This increase, among other factors, has furthermore increased the pressure for a new fitness center in Akranes.

2. Research methods

2.1. Method

To write a business plan as efficiently as possible it is important to follow certain regulatory framework. The framework which is defined in the book Principles of Marketing by Philip Kotler, Gary Armstrong, Veronica Wong and John Saunders gives a good example of such a framework which has proven to be good to use. On the research process here below the five steps, that make the framework, are defined.



Figure 1 The Research Process (Philip Kotler, 2008)

The first step is the most important one and can prove to be harder than expected to define. But in this case the research objective is:

Business plan for a Fitness- and CrossFit Center in Akranes.

Next step is to develop a research plan, explain and outline what kinds of data and sources are needed to develop this business plan. The third step is the collection of data. Data collected is mostly based on secondary data. Secondary data is information that has been collected to be used in another purpose than making of this business plan (Philip Kotler, 2008). The author relied mostly on sources from textbooks taught at Bifröst University, reports made and published by institutes and the welfare ministry, reliable sources on the internet and more. Secondary data was utilized because it was relatively easy to come by and at a low cost. All attendance and sales in the financial plan are derived from estimations based on secondary data. Primary data was also collected to some extent by going to the fitness center already located in Akranes and see how spacious and crowded it was. Primary data is the data which is collected to help directly in solving the problem at hand (Sekaran, 2000). When all data had been collected it was reviewed and examined with a critical point of view (Sekaran, 2000). When all four steps are done the fifth and final step is to interpret and report findings. In the conclusion chapter all findings and other valuable information is drawn together into the outcome of the project.

2.2. Objectives of the business plan

The objectives of this business plan are to make cost analysis and to show with numerical conclusion if there is a market for running a fitness center in Akranes with considerable profits. The objective is also to use this business plan to apply for funding from financial institutes, such as banks and financial services and also potential investors, there is if the plan pans out to be profitable. This business plan could also be used to gather funding from Lýðheilsstöð or Landslæknisembættið in reference to the *Evrópusáttmálinn um baráttu gegn offituvanda* (Lýðheilsustöð, 2006) and could come in a form of grants per customer. On same ground Glussa GYM could use this business plan to ask for the support from Akranes because Glussa GYM would immediately compete with local companies that are financed with grants from the municipal. Located in this business plan are all core functions of the business in areas such as general operations, marketing and financial planning.

2.3. Short comings

- Legal matters were not looked
- The numbers that the calculations are built on are estimations.
- Hard to estimate sales without a market research.

3. Executive Summary

The main purpose of this business plan is to examine if there is a market in Akranes for a new fitness- and CrossFit center. While observing the fitness center in Akranes it came to the authors attention that many customers had to wait for the equipment they were about to use for some time. Indicating that the present fitness center in Akranes has become saturated and thus arousing the question if there is not a market in Akranes for two fitness centers. The main purpose of Glussa GYM is to meet the needs of the inhabitants for a quality fitness center. A fitness center with all the latest equipment and a CrossFit center which will offer CrossFit courses, but CrossFit is becoming one of the most popular sports activity in Iceland today with incredible impact from Annie Mist the present world champion in CrossFit. What will make this company competitive on the market is the combination of a fitness- and CrossFit center which is not available in Akranes. The company places rich emphasis on the fact that its staff members are highly qualified and fully capable to take care of high demands of the customers.

For the company to be able to get up and running it has to gather 48 million ISK. The fitness center requires 36 million ISK for equipment and will be able to service around 70 – 80 people at a time or around 850 people on week days given that each individual spends no more than 1,5 hours at a time in the fitness center. The CrossFit center is relatively cheaper in cost of equipment or roughly four million ISK and will be able to service around 50 people at each course. The facility needs to be able to meet minimum requirements of a fitness center. In start-up funding for the facility there is accounted for shower- and locker rooms and other minor expenditure. The financial funding will be acquired through a loan and investment from investors. Glussa GYM will take 38 million ISK loan from Landsbankinn for eight years with 8,9% interest rate and 10 million ISK will be funded through investors with required rate of return of 5% a year.

Glussa GYM will be a new company but because the capital requirement is tremendous and locals are increasingly attending their university education or work in Reykjavík while living in Akranes it could be a possibility that Glussa GYM would team up with other and bigger facilities in Reykjavík such as WorldClass, CrossFit Reykjavík or Sporthúsið. This would provide Glussa GYM's customers with both cards to its facility as well as cards to the facilities in Reykjavík.

Since Akranes is a small town, but is increasing none the less, there are few competitors. ÍA (Íþróttabandalag Akraness) is Glussa GYM's biggest competitor. They have been operating a fitness center in Akranes for decades. In Akranes is also a BootCamp which is in direct competition with the CrossFit. What could give Glussa competitive advantage over its competitors is first and foremost because of three aspects of its business which are:

- Access both to the Fitness- and CrossFit Center.
- CrossFit instructors at sight for all customers and highly qualified employees.
- Spacious facility specially designed for its purpose.

The demand for fitness- and CrossFit centers is seasonal and are the most intense months in January right after the holidays, two month before summer and then again around September. The worst sought months are around the summertime. Glussa GYM's target market which is 16 years old to 35 year old is increasing in Akranes and has been increasing by around 1,6% a year these past 14 years (Statistic Iceland, 2011).

4. The Company, business field and industry

4.1. The business idea

Glussa GYM will quench the thirst of those demanding a new and better fitness center in Akranes. At Glussa GYM the main idea is to combine both Fitness- and a CrossFit Center. By running these two centers in a unified harmony the hope is that each center will weight up for the cons of the other. The Fitness Center will be fully equipped and able to serve as many as 70 to 80 people at a time. The CrossFit instructors will be located at the fitness center to give advice and help those that need to get started. The CrossFit Center will be equipped to serve as many as 50 to 70 customers at once. At minimum there needs to be one instructor at sight to manage the classes.

4.2. Fundamental Objectives of Glussa GYM

Glussa GYM's policy is to have qualified employees who create great customer value and have the opportunity of further increasing their knowledge at Glussa GYM.

- Provide spacious facility with quality equipment to meet high customer demands.
- Create customer value through high quality service.
- Build up a strong brand name.
- Create an element of uniqueness through combination of Fitness- and CrossFit Center.

4.3. Opportunities on the market and vision

Glussa GYM's target market has been increasing over the past decade (Statistic Iceland, 2011). There has also been an increased awakening among the Icelandic government about bad physical state of its citizens and increase healthcare cost as a result (Lýðheilsustöð, 2006). Glussa GYM could use that as an opportunity to try to get funding from the government by target those that are in bad physical state and help them get started with the support of professionals. Which would in the end lead to decrease in healthcare expenditure for the government.

It is the author's opinion, which can be derived from all the new CrossFit centers that have been opening up in Reykjavík e.g. WorldClass CrossFit, CrossFit Sport and CrossFit BC, that CrossFit attendance is increasing year by year thus a possible opportunity on the market to open up a CrossFit center in Akranes. But because this is a highly competitive marketplace it is hard to gather data from other Fitness- and CrossFit centers about this matter thus attendance can only be speculated.

4.4. Uniqueness of GLUSSA GYM

These factors are what make Glussa GYM unique on the market in Akranes:

- Combination of fitness- and CrossFit center.
- Available cards for subscription, three month, six month or one year subscription cards.
- Customer guidance through the beginning phase of exercising.

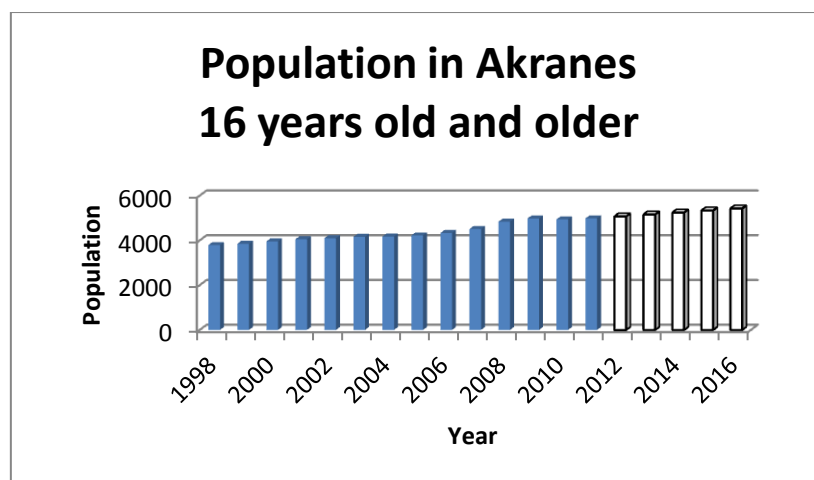
5 Market analysis

The marketing chapter is one of the most important chapters in the business plan. His role is to present important information about how the company's best interests are attained. Important objective of the market chapter is to explain how to react to the market conditions (Bárðarson & Finnbjörnsson, 1994). A businesses performance is based on how well the company can carry out its marketing plan at the market it is on (Friðriksson & Kristinsson, 2003).

5.1. The Market Demand

With technological breakthrough and social changes these past decades exercise has become less and less of an unconscious activity of our day to day lives. Our culture has moved from labor intense work over to sitting in front of computer screen barely moving at all. This has lead Icelanders and other western countries to not move enough at their jobs and have to seek out alternatives in exercise like attending courses of CrossFit or training at fitness centers.

Glussa GYM fitness- and CrossFit center will have an age limit of 16 years. Therefor the market size is all of those that live in Akranes from the age of 16 and over. From the year of 1998 to 2011 the population of 16 years old and older in Akranes has gone from 3.791 people to 4.983. This is a 24% increase in the market size or around 1,7% increase a year. The past five years there has been a 10% increase in this market size, the population has gone from 4.507 in the year 2007 to 4.983 in the year 2011. From this it is possible to draw the conclusion that at the end of this marketing plan, which is five years, the market size could be around 5.425 individuals as can be seen on the graph Population in Akranes 16 year old and older here below. Year 2012 to 2016 are estimations based on 1,7% increase a year.



Graph 1 Population in Akranes 16 years old and older (Statistic Iceland, 2011)

5.2. Fluctuations in demand

In this industry, like many others, the market demand is seasonal. Every January there is a boom in sales of membership cards at health clubs due to weight gaining over the holidays and New Year's resolutions. Then sales decrease somewhat and then pick back up around April those that bought annual cards in January and have not been using them start coming again and new members join as well. Over the summer business is usually slow and customers use substitute activities instead of going to the gym like football, basketball, bicycling, motocross, mountain climbing etc. Then in September there is another boom in sales of fitness cards which slowly decreases until they pick back up in January.

5.3. The market environment

Glussa GYM's employees have to be aware of constantly changing environment. The nature of the fitness industry is that it is constantly changing with new technology breakthrough and understating of the human body. The employees need to be able to provide the costumer with the information and exercises he needs. It is crucial to be aware of trends that come and go and be able to adapt to new methods quick. These changes in the market environment can be managed by going to expos and by keeping an eye out for new routines that seem to be coming popular.

5.4. Porter's Five Force Analysis

To be sure that the competition is not defined to narrow the Porter's Five Force analysis, created by Michael E. Porter, is used. It gives an understanding of the competitive forces and their underlying causes, reveals the roots of an industry's current profitability while providing a framework for anticipating and influencing competition over time (Porter, 2008) it is crucial to define the competitive forces and shape them in a company's favor while creating a strategy.

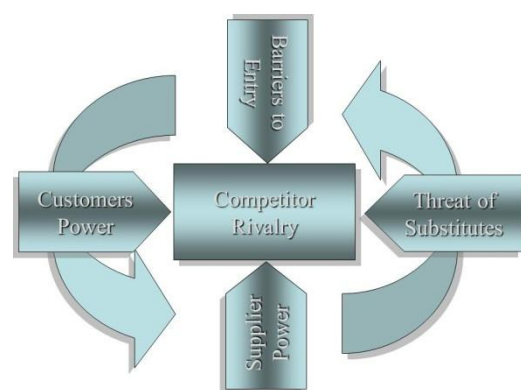


Figure 2 Porter's Fiver Force Analysis (Porter, 2008)

5.4.1. Threats of New Entrants

The threat of new entrants is always at hand if there is a possibility of a profit. But start-up funding and fixed cost is high for a fitness center.

These are factors that could have an effect on possible income of new entrants:

- Expensive to enter the industry.
- High Capital requirements.
- Economies of scale.
- There is a Low customer switching costs.
- Easy access to fitness equipment distributes.

5.4.2. Power of Suppliers

The power of suppliers in the fitness industry is relatively low. There are many suppliers that offer comparable products and thus hard for one supplier to drive up the prices and also relatively easy for the buyer to switch brand name. The fitness industry is not so much dependent on their suppliers because in the beginning there usually is one big order of equipment and which brand you choose then is up the supplier that offers the best quality equipment for the most reasonable price. Other factors that Glussa GYM should be aware of are:

- There are many suppliers of fitness equipment around the world.
- Easy to substitute one product with another.
- Similar quality products.
- Switching to another product is easy and cheap.
- Customers could become accustomed to the suppliers' equipment,

5.4.3. Power of Buyers –

The power of the buyer should not be underestimated. Even though in this industry are many small buyers it is not that big it can take customers dissatisfaction. When customers have been acquired it is important that Glussa GYM will create customer satisfaction through value chain. The companies that Glussa GYM intends to market through business to business marketing could tough have power over the price thus they will receive discounts of prices to encourage them to use Glussa GYM's services.

- Many small buyers.
- The larger buyers get discounts etc. b-2-b marketing.
- Buyers have the ability to switch for a low cost.
- Bargaining leverage of the customer due to high fixed cost at Glussa GYM.

5.4.4. Availability to Substitutes –

Health industry is not just based on fitness centers and CrossFit centers. There are many substitutes for what Glussa GYM offers.

- Many substitute activities available in Akranes such as BootCamp, football, basketball etc.
- Relatively cheap and easy to substitute.
- If price increases rapidly at Glussa GYM it is more likely that the buyers substitute the membership cards for other activities.

5.4.5. Competitive Rivalry

Competitive rivalry in Akranes right now is quite low, there is one clear market leader, ÍA which has its prices relatively lower than those in Reykjavík and are probably unable to meet increased competition on the market with price reductions.

- Few competitors.
- One clear market leader.
- Low switching cost.
- Similar quality products.
- The market leader unlikely to expand.

5.5. Possible progress on the market without Glussa GYM

Population in Akranes has been expanding for the last couple of years which promotes the idea that sooner rather than later a new fitness center will arrive in Akranes regardless if Glussa GYM will open up a facility or not. BootCamp has sought the opportunity which had not been fulfilled by ÍA by offering BootCamp courses. BootCamp is located at a facility owned by ÍA and they are unable to have classes at other hours than from 6:00 – 7:00 in the morning leaving out a lot of people that wish to come but are unable to attend at these hours. This could drive the BootCamp's instructor to open up his own facility.

WorldClass is probably most likely to open up a fitness center in Akranes. They already have nine facilities scatter around Iceland. But as for now there is no information about their planning to come to Akranes.

5.6. SWOT

SWOT analysis the internal and external environment of a company to arrive at its strengths, weaknesses, opportunities and threats (Harrison, 2003). When selecting a strategy company should try to take advantages of its organizational strengths and environmental opportunities at the same time try to minimize organizational weaknesses and environmental threats.

Strength	Weakness
Combination of a Fitness- and CrossFit center	No spa
Good Location	Little knowledge of the market demand
High level of service quality	At the start unable to offer variety of classes such as Zumba, Pilates and Spinning
Multiple payment agreements	Uncertainty in finance
Opportunities	Threats
Summer courses for children	High investment capital
Co-op. with fitness centers in Reykjavík	Seasonal demand
Expansion if demand increases	Newcomers on the market
Governmental funding	Constantly new substitutes emerging

Table 1 SWOT Glussa GYM

5.7. Competitors Advantages and Analysis

Every company needs a competition. Competition is a challenge to do better. With competition companies are obligated to do their best in satisfying the customer by providing them with a quality product and excellent service.

“Gaining competitive advantage requires delivering more value and satisfaction to target consumers than competitors do.” (Philip Kotler, p. 461)

5.7.1 Direct Competition

The following tables outline how Glussa GYM compares to the competition in terms of service and other factors, including strength and weaknesses. This analysis takes into account the two businesses in Akranes that are considered Glussa GYM’s main competitors:

Íþróttabandalag Akraness

ID: 670169-2199

Address: Jaðarsbakkar, 300 Akranes

Telephone: 433 1100

E-mail address: is@ia.is

Website: www.ia.is

Managing director: Sturlaugur Sturlaugsson

Íþróttabandalag Akraness, referred to as ÍÁ, single handedly runs almost all sports activity in Akranes and is therefore the market leader. They run two fitness centers at good locations, close to schools. Their larger center is located at Jaðarsbakkar and is the main fitness center in Akranes with utilities like a full scale indoor football field with grass, as well as an indoor basketball court, 25 meter swimming pool, hot tub, sauna and a gym. When purchasing a membership card from ÍÁ you gain access to the gym and swimming pool but for all the other utilities you have to pay separately.

SWOT analysis

Strength	Weakness
The market leader	Saturation in their facility
Support from its municipality	Employees with low customer
Strong position on the market	
Opportunities	Threats
Expansion	Newcomers on the market
Co-operation with facilities in Reykjavík	Easy to change facilities
Easily adoptable to new sports trends	Substitute products

Table 2 SWOT ÍÁ

Boot Camp Akranes

Address: Vesturgata 130, 300 Akranes

Telephone: 893 4363

E-mail address: vesturland@bootcamp.is

Website: www.bootcamp.is

Managing director: Jóhann Pétur Hilmarsson

Since there will also be a CrossFit center at Glussa GYM the second direct competitor will be BootCamp, which is taught by a private instructor but in a facility run by ÍÁ. Boot Camp is considered CrossFit's precursor and in the base the same as CrossFit thus highly competitive for Glussa GYM CrossFit client base.

SWOT analysis

Strength	Weakness
First on the market	Do not have their own facility
The BootCamp instructor Jóhann Pétur	Only one class a day
Strong client base	
Opportunities	Threats
Expansion	Newcomers on the market
Co-operation with facilities in Reykjavík	Losing their facility
	Many substitute products

Table 3 BootCamp

5.7.2. Indirect Competition

An indirect competition is the competition among businesses that offer different types of product but satisfy the same needs (Bárðarson & Finnbjörnsson, 1994).

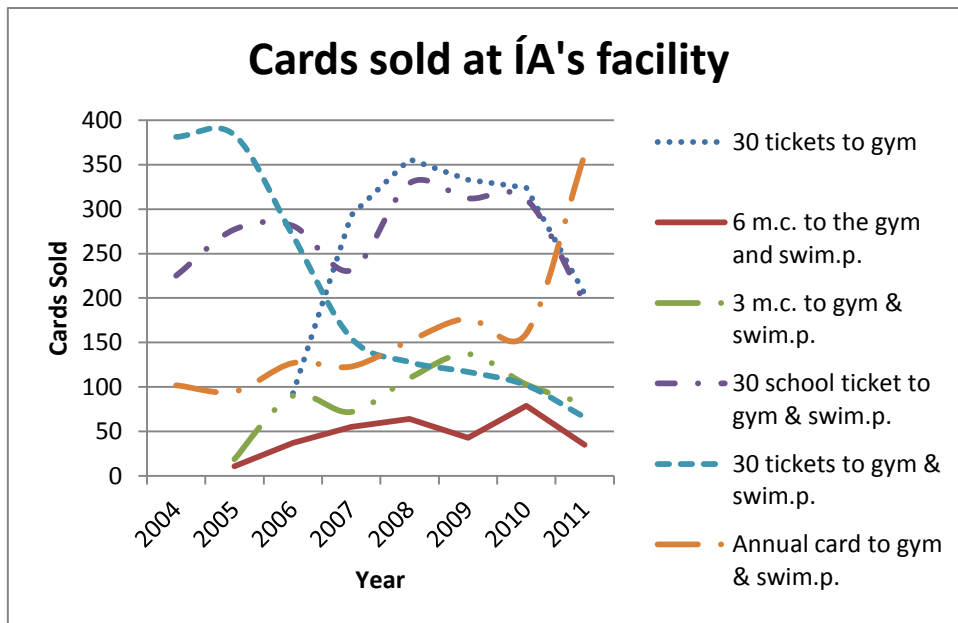
All sports activity from a person living in Akranes or done in Akranes will be considered as an indirect competition. These are some of Glussa GYM's indirect competition:

- Zumba.
- Golf.
- Basketball.
- Football.
- Badminton.

Indirect competition could also come from Reykjavík since many of Akranes' population attend schools and work there.

5.7.3. Competitors market

As can be seen on the graph Cards sold at ÍA's facility here below sales of all cards by ÍA have been rising from the year 2004 until around the year 2009, all besides the 30 tickets to gym and swimming pool which have been falling rapidly since the year 2005.



Graph 2 Cards sold at ÍA's facility

Sales on annual cards to the gym and swimming pool have though steadily been rising since 2004. In 2010 ÍA marketed Norðurál which is an aluminum factory in Grundartangi, as well as Elkem which is an alloy factory also located in Grundartangi. This marketing strategy more than doubled ÍA's sales on annual cards going from 160 in the year 2010 to 361 cards sold in 2011. This could hurt the marketing strategy of Glussa GYM which was partly to market its business to those big companies in Grundartangi.

5.8. Glussa GYM's Advantages

For Glussa GYM to being located in its own facility and able to customize it to meet the needs of their target market will be used to their advantage. CrossFit classes will be at all hours of the day meeting requirements of more people than the Boot Camp. What makes Glussa GYM unique in Akranes is the combination of fitness center and CrossFit Center. Glussa GYM will also offer its customers a subscription from three months, six months to one year card which is not available at any other facility in Akranes. Glussa GYM will also provide all its customers that wish a free of charge starting program and an instructor to show them how to work the equipment located at the facility.

5.9. Co-Operation

As has been stated earlier in this plan more and more people from Akranes are now working or attending school in Reykjavík but still living in Akranes. Glussa GYM could market this group if they were either to open up a franchise from WorldClass, which would mean that all

their customers would be able to attend WorldClass's facilities located all around Iceland. Glussa GYM could also co-operate with other smaller facilities in Reykjavík like CrossFit Reykjavík or Sporthúsið which could help service Glussa GYM's client base in Reykjavík.

One other option of co-operation could also be with the instructor of BootCamp Jóhann Pétur Hilmarsson. He has built up a good foundation of client base and it would work in Glussa GYM's advantage to team up with him. This would also mean that clients would be able to attend courses or classes in BootCamp Reykjavík.

6. Marketing Strategy

By planning in advance companies are able to expect and react more quickly to abrupt changes in the market place.

„Failing to plan means planning to fail.” (Philip Kotler, 2008, p. 128)

6.1. Objectives and issues

Glussa GYM's objective is to target its market segments. These segments will be reached through local media in Akranes e.g. Pósturinn, Skessuhornið, advertisements at schools, restaurants, on the internet, B2B marketing and with bargain prices.

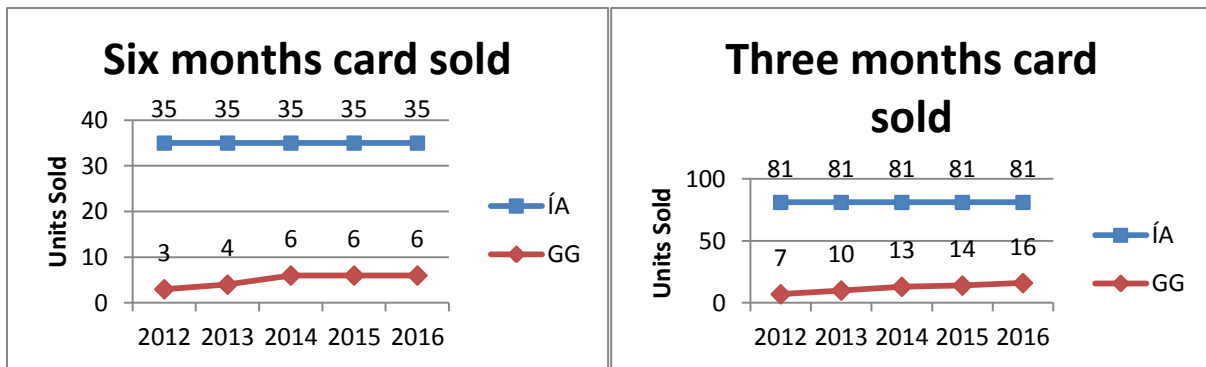
Before Glussa GYM could go into business the author would recommend that there would be made a market research. Management of companies more often than not is all about taking decisions which are surrounded by uncertainty and sometimes with high risk factors. With marketing research managers can limit these uncertainties and limit the risk to some degree, but of course it is impossible to erase them completely (Philip Kotler, 2008). This marketing research would not have to be expansive and would involve a questioner which would be either brought to a random sample out of the segments via telephone or e-mail. With this market research the founders could determine what might be needed in Akranes, how many of customers would come over to Glussa GYM's facility and possible market opportunities.

It is also important that Glussa GYM's management continues to conduct these market researches once the company has been established to answer questions like are the customer's needs and requirements changing and if so is the company able to meet these changes in demand.

6.1.1. Fitness Center market objectives:

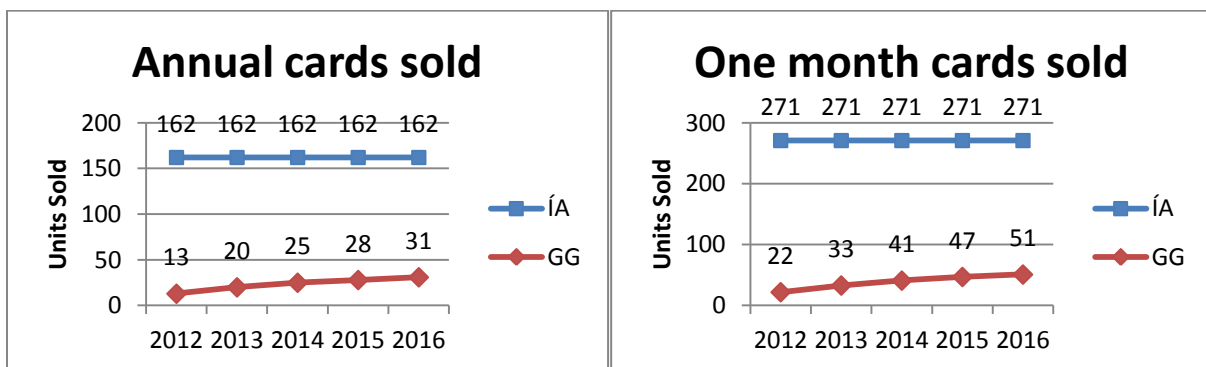
Even though the market objectives are based on reaching percentages of ÍA's sales does not mean that Glussa GYM will only be taking customers from ÍA but also creating new customers through business to business marketing and offering multiple payment agreements as well as trying to target those that are considered to be in a bad physical state. ÍA's sales are only used as base.

- **Objective for first year of operation** – Glussa GYM fitness center will have 8% of ÍA's market share at the end of first year operation. For graphical view see graph three and graph four here below.



Graph 3 Six months card sold & Three months card sold (Íþróttabandalga Akraness, 2011)

- Second and third year of operation** – Glussa GYM fitness center will increase its share to 12% of ÍA’s market share at year two of operations and increase to 15% of ÍA’s total sales in 2011, except for the annual cards sold by ÍA which had double in sales from the year 2010 to the year 2011. Therefore the average was taken of annual cards sold from the year 2004 to the year 2011 and used as base.



Graph 4 Annual cards sold & One month cards sold (Íþróttabandalga Akraness, 2011)

- Fourth and fifth year of operation** – In the end of Glussa GYM’s fitness center five year plan the objective is to have reached 19% of ÍA’s total sales in 2011. Going from 15% share in year three to 17,5% in year four and 19% market share in year five of operations.

6.1.2. CrossFit market objectives:

There are no sales figures available from BootCamp in Akranes estimations had to be made for sales to the CrossFit center. Objectives were drawn from the total occupants the CrossFit center could have, which are approximately 50 individuals at a time. Glussa GYM’s schedule will have at minimum three classes a day and three courses over the year. Taken all these aspects to gather Glussa GYM’s CrossFit Center can have 450 practitioners at maximum in their facility over one year period. Glussa GYM sells annual cards, cards for six and three

months so it is possible to have cards that last for longer than one course thus 450 people had to be divided with two, to insure that none is double counted, making maximum practitioners around 225 people a year.

- **Objectives for first year of operation** – Glussa GYM’s CrossFit center objective for the first year of operation are to have 12% of its maximum practitioners. Single tickets sold are estimated to be 8% of the maximum practitioners. The estimation suggest that 70% of those that join Glussa GYM’s CrossFit courses will have to go through introductory training, this percentage will decrease by 25% each year and end up in 10% as a base.
- **Objectives for second and third year of operation** – Glussa GYM’s CrossFit center will increase its sales to 15% of its maximum practitioners in the second year of operations and 17,5% in the third year. Estimations for single tickets sold will increase from 8% to 12% in the second year and from 12% to 15% in year three.
- **Objectives for fourth and fifth year of operation** – In the end Glussa GYM’s CrossFit center five year plan their objective is to have reached 21% of its maximum practitioners. Going from 17,5% in year three to 19,5% in year four and in year five reaching 21% client base from their practitioners maximum.

School membership objectives, fitness- and CrossFit center: Same objectives apply for the school membership cards as those listed above. The only difference is in school cards sold at the CrossFit center School cards are estimated to be half the sales of those in the CrossFit center.

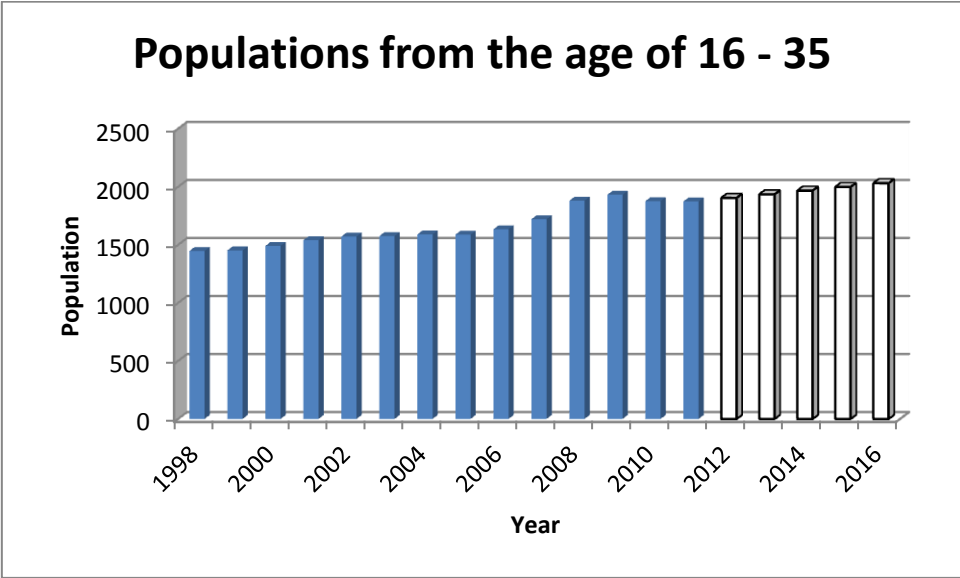
6.2. Segmentation

The objective is to appeal to as many as possible. But by dividing the total market into segments it is more efficient to customize a marketing strategy to target those segments.

Glussa GYM will offer special school discount on membership cards to more extent that ÍA is doing thus one segment will include all of those that attend school from the age of 16 to 25. There is an aluminum factory and an alloys factory just 20 minutes outside of Akranes and supply around 700 jobs (Norðurál, 2011). This sector will be the second segment. With better physical state of the human body it decreases possibility of illnesses and increases labor performance thus mutual gains for both parties (Sverrisdóttir, Sigurðsson, & Agnarsson, 2007). Other corporations with many workers will also be considered as possible market, such as the hospital in Akranes. Glussa GYM will also target those that are in bad physical state

and need guidance to get started. By targeting this segment Glussa GYM could create many new customers. It is the authors hope that by targeting this segment Glussa GYM could probably apply for Governmental funding.

The third and segment will be all of those from the age of 16 to the age of 35 that live in Akranes and do not fall under the other two segments. This age group is the likely to have membership to a Fitness- or CrossFit center.



Graph 5 Populations from the age of 16 - 35 (Statistic Iceland, 2011)

The segment size is all of those that have reached the age of 16 and to the age of 35. As we can see on graph five Populations from the age of 16 – 35 here above there has nearly been a steady increase in this demographic. The population has gone from 1.447 individuals in the year 1998 to 1.874 individuals in the year 2011, this is a 23% increase in 14 year or 1,63% increase a year. The estimations of increase for the year 2012 to 2016 is based on 1,63% increase a year (Statistic Iceland, 2011).

6.3. Marketing strategy

Glussa GYM’s marketing strategy will be customer driven, the main focus is to delivering more value to the customer than the competitors are doing and that is how Glussa GYM will position itself “more-for-more”. Glussa GYM will offer their customers more spacious facility and better quality equipment, at slightly higher prices. The CrossFit instructors will help all of those that want to get started by building an exercise program for them.

Main purpose of Glussa GYM’s marketing strategy is to:

- Increase sales both at the Fitness- and CrossFit Center.
- Publish and promote the company and its services.
- Increase demand for the service that Glussa GYM provides.
- Build up and establish Glussa GYM as a brand name.
- Help those that need to get in better physical state.

How will this be implemented?

- Through advertisement in the media, Pósturinn, Skessuhornið etc.
- Business-to-business marketing e.g. marketing Elkem and Norðurál.
- Through public relations by encouraging the employees to be active in writing articles on the internet, build up good corporate image.
- Through co-operation with the hospital in Akranes and/or the government.

6.3.1. Advertisement Channels

- Environment advertisement.
 - Advertisement in stores, restaurants and theaters.
- Brochures and other printed material.
 - Skessuhornið, Pósturinn and flyers.
- Internet.
 - Glussa GYM will have its own web page where special offers will advertise.
 - CrossFit instructors and others will write articles about health and other interesting material on the web creating an conversation about Glussa GYM.
- Placement
 - Central location.

6.3.2. Personal Selling

Glussa GYM's business-to-business strategy will be reached through personal selling. The business market usually buys in bulk and thus a greater deal of importance that this market is reached successfully. This strategy will be implemented to reach the workers of the heavy industry factories outside of Akranes, Elkem and Norðurál.

6.3.3. Public Relations

Public relations can have a strong impact on public awareness at a much lower cost than advertising can. Glussa GYM will encourage its staff to write articles about exercise and healthy lifestyles for websites such as mbl.is, menn.is, heilsa.is and other. This will hopefully increase awareness about Glussa GYM at a lower cost than advertisement.

6.3.4. Pricing

In the economy today it is hard to believe that customers are willing to pay more-for-more. With Glussa GYM's multiple payment agreements it's more likely to attract customers that are willing to pay more in total but with payment agreements. Glussa GYM's price listing takes account of the prices that ÍA charges at their facility, the prices that BootCamp charges and also the prices in Reykjavík. Glussa GYM situates its prices above the prices of ÍA and is more around the prices in Reykjavík. This price position is selected to be competitive against ÍA's low prices but still able to provide high quality services. The CrossFit prices are positioned a bit higher than BootCamp prices and that is justified in the light of those that buy CrossFit cards at Glussa GYM will also gain access to the fitness center. For further information on pricing and price listing see appendix 7.

6.3.5. Innovative in thinking

Because of the fluctuation in demand and summer being the slowest time for the fitness- and CrossFit industry Glussa GYM will try to increase its sales on membership cards by offering children's classes in the summer motivating the parents to come to Glussa GYM as well. For some parents the summer time is inconvenient for attending courses of any sort because they need to be home with their children which do not have schools to attend to. Other measures could also be implemented to try to keep the demand as steady as possible.

7. Location and Production Factors

There is no use in offering any kinds of service if the customer is unable to reach it. Location is important for businesses especially where clients have to come every day. A good location is a great advertisement and curious encourager.

7.1. Location and equipment

Location of the company should be decided on factors like good and visible accessibility, comfortable for the customers and the cost of establishment of the company at set location. If the company is at a good location it will be a constant reminder for possible customers of its presence thus good advertisement (Bárðarson & Finnbjörnsson, 1994)

7.2. Start-up Funding for Modifications and Equipment

To be able to start up the company the housing needs to be made suitable for fitness and CrossFit center utilities and equipment need to be bought.

Equipment	Price
Total Fitness Center equipment	37.237.690 kr.
Total CrossFit Center equipment	3.979.665 kr.
Development of Sauna and shower room	4.000.000 kr.
Computers and televisions	840.000 kr.
Furnishing	500.000 kr.
Office supplies	100.000 kr.
Counter, lockers, gate etc.	750.000 kr.
200 m ² rubber flooring price 1500 ISK m ²	300.000 kr.
Other unforeseen cost 10% of total	477.074 kr.
Total start-up funding	48.184.429 kr.

Table 4 Equipment listing

For a full list of equipment see appendix 8.

7.3. Employees:

Part of Glussa GYM's business is service oriented. Its employees, e.g. the receptionist and the CrossFit instructors, are interacting with the customers and creating value. In hope of adding as much customer value to the business as possible it is crucial that the employees are highly qualified and get support from the company.

“Successful service companies focus their attention on both their customers and their employees.” (Philip Kotler, 2008, p. 604)

To do this Glussa GYM has to follow and understand the service-profit chain which consists of five links:

1. Quality work environment – qualified employees with strong support from the company which leads to
2. Happy and loyal employees which are more productive which leads to
3. More service value – more efficient value creation in service delivery which leads to
4. Happier customers and happy customers stay loyal and keep buying the product and recommend it to their friends which leads to
5. Steady and healthy profit increase and service performance
 - (Philip Kotler, 2008, p. 605)

7.3.1. Advanced learning

It is important that Glussa GYM's employees take part in and benefit from advancing in their education. Advanced educations can be in the form of:

- Courses that are structured to meet the employee's needs.
- Book reading or information gathering from the internet about specific matters
- Participants in conferences, meetings and other activities which further increase advanced learning of specific employees.

7.3.2. Job description:

- **Managing director.** Glussa GYM needs to be run by someone that has experience in business, preferably someone with an education in business administration. Former experience from running a similar business is required. The role of the managing director is to supervise all factors of the business and observe if everything is running according to schedule. His role will also be to see that the customer satisfaction is met and goals for market size are sustained. The managing director will also have to be able to instruct CrossFit classes or other jobs that need to be attended to.
- **CrossFit instructors.** There will be three CrossFit instructors which will divide the workload evenly between each other. CrossFit classes will be at all hours of the day on week day. These trainers will have to have CrossFit level 1 instructor certificate and preferable some other education that will help them in their line of work e.g. level in Kettlebell instruction or B.Sc. in sports science. It is crucial that there are qualified CrossFit instructors. They will also be obligated to help clients to get started. Prepare for them an exercise program and show those who want

around the facility and teach them how to work each equipment. This will hopefully help Glussa GYM to be compatible on the market and encourage those that have been wondering about getting started to get started in the hands of a professional.

- **Reception / customer service.** There will be four receptionists / customers service positions all working half a day. Or one receptionist with a fulltime job and the other two have a part time job. Their main occupation will be to answer the phone and help those that want to do business with Glussa GYM to sign up. Their educational requirements are minimal but they need to have service motivation and able to take initiative. On the side when there is a down time they can clean around the facility. There has to be at least one receptionist of each gender to be able to clean the shower rooms. Cleaning will be written in their employment contract.
- **Maintenance.** At Glussa GYM there is a lot of equipment that needs to be attended to on a regular basis. The equipment has many movable parts that need to be lubricated to minimal wear and tear. The customers' demands that the equipment that he is intending to use will be working at its optimal so it is important that there is someone that will be able to fix the equipment right away. There is a possibility that there will not be a person in maintenance on payroll but instead hire a contractor whenever something breaks. But will be included as staff member in the income statement.

7.4. Wages

Minimum wages for a full time job, 173,33 worked hours a month (40 hours a week) shall be as here is noted for employees 18 years of age or older and have worked for four months straight at the same employer (Starfsgreinasamband Íslands, 2011). The table Employment Wages calculates the base salary and does not take into account the 5% increase in wages a year.

Employment Wages	Employment	Number of Employees	Salary by the Hour	Salary a Month	Salary a Year	Base Total Years' Salary
Managing Director	100%	1		350.000 kr.	4.200.000 kr.	4.200.000 kr.
CrossFit Instructor	40%	3	1.500 kr.	104.000 kr.	1.248.000 kr.	3.744.000 kr.
Reception / Customer service	50%	3	998 kr.	86.500 kr.	1.038.000 kr.	3.114.000 kr.
Maintenance	50%	1	1.500 kr.	130.000 kr.	1.560.000 kr.	1.560.000 kr.
Salary related expenses 25% (pension fund, insurance etc.)						4.063.500 kr.
Total salary				670.500 kr.	8.046.000 kr.	16.681.500 kr.

Table 5: Employment Wages (Starfsgreinasamband Íslands, 2011)

- **Managing director.** The managing direct burdens the most responsibility and is thus the highest paid employee. His hours are not written in stone and he will be required to work more than just eight hours a day. He will also be responsible for the public relations. His starting salary will be 350.000 kr. and will increase by 5% every year.
- **CrossFit instructors.** The CrossFit instructors will not work at a tax rate but instead will have fixed rate at 1.500 kr. an hour and will increase by 5% every year.
- **Reception / customer service.** The receptionists belong to wage group number 1 and will work at three year salary according to latest wage agreements. There educational requirements are minimal and thus paid at but need to be presentable thus paid at three year salary. Their starting salary will be 173.000 kr. and increase by 5% every year (Starfsgreinasamband Íslands, 2011).
- **Maintenance.** Same as the personal trainer and CrossFit instructor the maintenance personal will have a fixed rate of 1.500 kr. an hour and his salary will increase by 5% every year.
- **Salary related expenses:** Insurance, vacation, matching fund to pension and other salary related expenses are estimated to be 25% of total salary.

8. Corporate structure and Human Resource Management

8.1. Operation form

Glussa GYM will be registered as a Ltd. (private limited company) to minimize all expenses in founding the company and also to minimize the capital requirement. The company will be registered at Ríkisskattstjóri and the registration fee is according to tariff from Ríkisskattsjóra 130.500 kr. (Ríkisskattstjóri, n.d.). Minimum share capital for Ltd. is 500.000 kr. and will be submitted by Glussa GYM's founders. The company will pay 20% income tax (Ríkisskattstjóri, n.d.).

8.2. Human Resource Policy

Glussa Gym creates customer value through service and thus has to have qualified employees. Employees which are self-motivated and inspired to do well for the company and its clients.

- Employees that are able to take initiative.
- Employees that are motivated to do good for themselves and the company.
- Productive employees with thirst for more knowledge in their line of work.
- Employees who are able to write articles about fitness and health in the media.

9 Operation Plan

The operation plan shows estimations of cost, income and performance of the company. The operation plan goes through all the expenses and income that the business occurs in its process. All the expenses and income are based on estimations from the business plan.

9.1. Operating Cost

Cost can be divided into two types of cost, fixed cost and variable cost. Fixed cost does not change with quantity produced or total sales made even though sales or none it remains the same. The variable cost does change in proportion with quantity produced or total sales made (Mankiw & Taylor, Economics, 2008, bls. 255-256).

9.1.1. Fixed Cost

Rent: It will cost 1.500 kr. per square meter to rent the place. Ground floor of the building is 452m². There is a possibility of creating a second floor of 322,2m² but at the moment it is not ready. Calculations are based on 500m², to be sure not to underestimate the cost, at 1.500 kr. each square meter equaling in 750.000 kr. in rent a month or 9.000.000 kr. a year.

Heating and water expanses: Total water expense is estimated to be 598.034 kr. a year or roughly 50.000 kr. a month (Orkuveita Reykjavíkur, 2011).

Telephone and internet: Telephone and internet will cost is estimated to be 20.000kr. per month.

Television and entertainment: It is important to have good entertainment for the customers to enjoy while doing their exercises. Glussa GYM will have RÚV, Stöð2, Stöð2 Sport and Stöð2 Sport2. This package is estimated to cost 42.000 kr. a month or 504.000 kr. a year

Royalties: Fitness centers that range from 401-600m² have to pay 66.730 kr. a year to STEF, which is approximately 5.600 kr. a month (STEF, 2011).

Advanced employee learning: The Fitness industry is constantly changing and that's why it is important that employees have the opportunity to seek out further education on matters that enhance their work performance. This cost is estimated to be 15.000 kr. a month or 180.000 a year.

Cleaning appliances and products: Estimations on cost of cleaning appliances and products is 40.000 kr. a month. This is a rough estimation on wear and tear of the products. Including dispensers, tissue dispenser, soap dispenser etc. those expanses will be accounted for in initial investment.

Computer system operation: Estimated cost of computer system is 30.000 kr. a month.

9.1.2. Variable Cost

Discounts and other price reducers: 10% of the income from the fitness center and 5% of the income from the CrossFit center will be marked as expense on the count of not all those that will come to the facility will pay a full price of the cards, e.g. those that get their cards at a discount or through marketing implementation.

Wages: See Chapter 7.4. Wages.

Marketing and advertising: On average in year Glussa GYM will spend 89.000 kr. a month on advertisement or in total 1.070.000 kr. in year one. In year two decreases to 870.000 kr. and stays there throughout the business plan.

Other unforeseen expanses: 5% of the income will be used to meet unforeseen expense.

9.2. Break-Even Analysis

Break-even analysis determines how many units need to be sold so the income is equal to the cost (Westerfield, Ross, Jaffe, & Jordan, 2008).

$$\text{Break-even point} = (\text{Fixed costs} + \text{depreciation}) / (\text{Sales price} - \text{Variable cost})$$

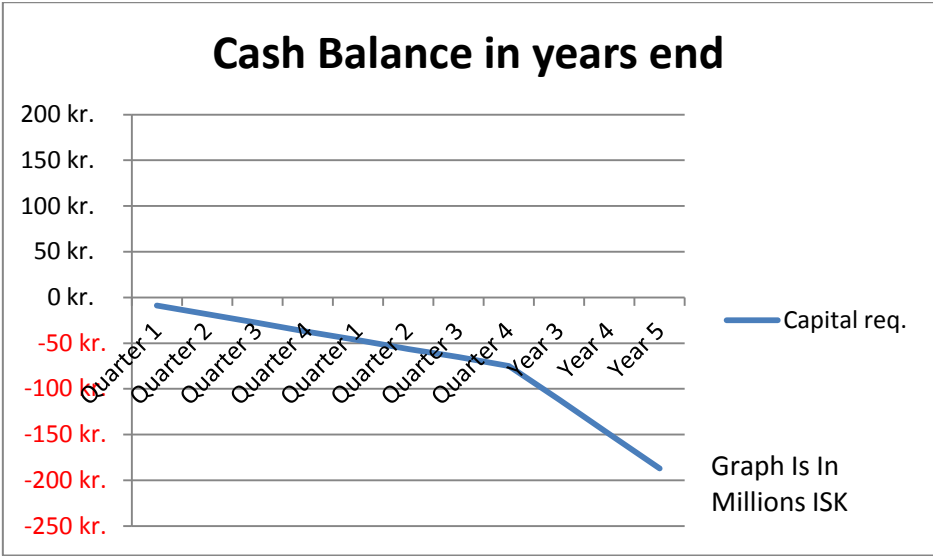
Break-Even Analysis	
Income	
Price	1500
Variable Cost	
Discount on cards	15%
EBIDTA	1.275
Fixed Cost	34.075.000
Depreciation	9.900.000
Fixed Cost + Depreciation	43.975.000
Break-Even Point	34.490

Table 6 Break-Even Analysis

In table Break-Even analysis here above it showcases how much each unit sold generates in EBIDTA (earnings before interest and taxes). Fixed cost and depreciation is 43.975.000 kr. thus the break-even point will be reached at 34.490 units sold a year or 2.874 unit a month. Glyssa GYM is not estimated to reach break-even and is only selling fraction of units needed to be sold.

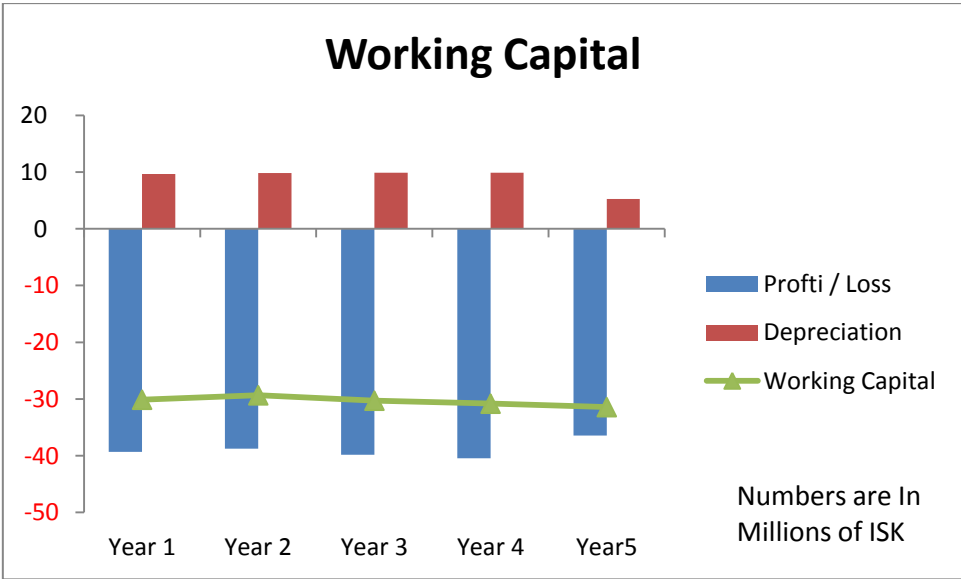
9.3. Capital Requirements

Capital requirements indicate how much cash or cash equivalents are needed. In the graph Capital Requirements, here below, capital requirement are shown each quarter for the first two years and then yearly from third to fifth year of operations.



Graph 6 Capital Requirements

When examining the Capital Requirements table here above it is quite clear that with the assumptions made in sales and cost analysis there is no premises for operations of Glussa GYM. In the end of fifth year of operations the capital requirement is -187.176.000 kr.



Graph 7 Working Capital

Glussa GYM generates losses throughout the whole plan. Start-up funding is high in the beginning and sales not meeting requirements. The fitness and CrossFit equipment endure intense handling and are depreciated at 20%. Other expenses will also be depreciated at 20%.

9.4. Income Estimation

To be able to make this business plan these sales estimations had to be made:

The sales estimations made for the fitness center were that it would get the equivalent of 8% of ÍA's customer base the first year. The second year Glussa GYM would increase it to 12% then to 15% in year 3. From 15% to 17,5% in year four and end in 19% in the fifth and final year of estimation.

GYM	Car Type	Cards Sold First Quarter	Cards Sold Second Quarter	Cards Sold Third Quarter	Cards Sold Fourth Quarter	Total Sales íA	Estimati on % of Sales	Price	Average Income a Quarter	Average Income a Month
Year 1	Single Ticket	8	2	11	4	312,5	8%	990 kr.	9.375 kr.	3.125 kr.
	1 Month Card	10	0	11	1	271	8%	9.990 kr.	54.945 kr.	18.315 kr.
	3 Month Card	2	1	2	0	81	8%	19.900 kr.	24.875 kr.	8.292 kr.
	3 Month C. sub.	1	0	1	0		8%	23.969 kr.	11.985 kr.	3.995 kr.
	6 Month Card	1	0	0	0	35	8%	29.900 kr.	7.475 kr.	2.492 kr.
	6 Month C. sub.	1	0	1	0		8%	35.939 kr.	17.970 kr.	5.990 kr.
	Annual Card	3	0	2	0	162	8%	49.900 kr.	68.625 kr.	22.875 kr.
	Annual C. sub.	4	0	4	0		8%	54.000 kr.	119.760 kr.	39.920 kr.
Total 1. Year										1.260.040 kr.
Year 2	Single Ticket	13	2	19	4	312,5	12%	990 kr.	14.250 kr.	4.750 kr.
	1 Month Card	12	2	16	3	271	12%	9.990 kr.	82.418 kr.	27.473 kr.
	3 Month Card	3	0	4	0	81	12%	19.900 kr.	34.825 kr.	11.608 kr.
	3 Month C. sub.	1	0	1	1		12%	23.969 kr.	17.978 kr.	5.993 kr.
	6 Month Card	0	0	1	0	35	12%	29.900 kr.	7.475 kr.	2.492 kr.
	6 Month C. sub.	1	0	2	0		12%	35.939 kr.	26.955 kr.	8.985 kr.
	Annual Card	3	0	3	1	162	12%	49.900 kr.	96.075 kr.	32.025 kr.
	Annual C. sub.	5	1	7	0		12%	54.000 kr.	194.610 kr.	64.870 kr.
Total 2. Year										1.898.340 kr.
Year 3	Single Ticket	18	2	23	4	312,5	15%	990 kr.	17.625 kr.	5.875 kr.
	1 Month Card	14	2	20	5	271	15%	9.990 kr.	102.398 kr.	34.133 kr.
	3 Month Card	4	0	4	1	81	15%	19.900 kr.	44.775 kr.	14.925 kr.
	3 Month C. sub.	1	0	3	0		15%	23.969 kr.	23.970 kr.	7.990 kr.
	6 Month Card	1	0	1	0	35	15%	29.900 kr.	14.950 kr.	4.983 kr.
	6 Month C. sub.	1	0	3	0		15%	35.939 kr.	35.940 kr.	11.980 kr.
	Annual Card	4	0	4	1	162	15%	49.900 kr.	123.525 kr.	41.175 kr.
	Annual Card sub.	7	1	7	1		15%	54.000 kr.	239.520 kr.	79.840 kr.
Total 3. Year										2.410.810 kr.

Year 4	Single Ticket	19	3	27	6	312,5	17,5%	990 kr.	20.625 kr.	6.875 kr.	
	1 Month Card	17	4	23	3	271	17,5%	9.990 kr.	117.383 kr.	39.128 kr.	
	3 Month Card	5	0	5	0	81	17,5%	19.900 kr.	49.750 kr.	16.583 kr.	
	3 Month C. sub.	2	0	2	0		17,5%	23.969 kr.	23.970 kr.	7.990 kr.	
	6 Month Card	1	0	1	0	35	17,5%	29.900 kr.	14.950 kr.	4.983 kr.	
	6 Month C. sub.	2	0	2	0		17,5%	35.939 kr.	35.940 kr.	11.980 kr.	
	Annual Card	4	1	4	1	162	17,5%	49.900 kr.	137.250 kr.	45.750 kr.	
	Annual C. sub.	8	1	9	0		17,5%	54.000 kr.	269.460 kr.	89.820 kr.	
Total 4. Year											2.677.310 kr.
Year 5	Single Ticket	24	3	29	3	312,5	19%	990 kr.	22.125 kr.	7.375 kr.	
	1 Month Card	18	3	25	5	271	19%	9.990 kr.	127.373 kr.	42.458 kr.	
	3 Month Card	5	0	6	0	81	19%	19.900 kr.	54.725 kr.	18.242 kr.	
	3 Month C. sub.	2	0	3	0		19%	23.969 kr.	29.963 kr.	9.988 kr.	
	6 Month Card	1	0	1	0	35	19%	29.900 kr.	14.950 kr.	4.983 kr.	
	6 Month C. sub.	2	0	2	0		19%	35.939 kr.	35.940 kr.	11.980 kr.	
	Annual Card	4	1	5	1	162	19%	49.900 kr.	150.975 kr.	50.325 kr.	
	Annual C. sub.	8	1	9	2		19%	54.000 kr.	299.400 kr.	99.800 kr.	
Total 5. Year											2.941.800 kr.

Table 7 Sales estimation Fitness Center

These estimations were made for the CrossFit Center:

CF	Card Type	Cards Sold First Quarter	Cards Sold Second Quarter	Cards Sold Third Quarter	Cards Sold Fourth Quarter	Max Capacity	Estimation % of Sales	Price	Average Income a Quarter	Average Income a Month	
Year 1	Single Ticket	7	0	6	1	75	18%	1.500 kr.	5.250 kr.	1.750 kr.	
	Base Camp	2	1	3	0	75	70%	17.500 kr.	26.250 kr.	8.750 kr.	
	3 Month Card	1	0	0	0	75	12%	29.500 kr.	7.375 kr.	2.458 kr.	
	3 Month Card sub.	1	0	1	0	75	12%	35.700 kr.	17.850 kr.	5.950 kr.	
	6 Month Card	1	0	0	0	75	12%	55.000 kr.	13.750 kr.	4.583 kr.	
	6 Month Card sub.	1	0	1	0	75	12%	59.400 kr.	29.700 kr.	9.900 kr.	
	Annual Card	0	0	1	0	75	12%	85.000 kr.	21.250 kr.	7.083 kr.	
	Annual Card sub.	1	0	1	0	75	12%	94.800 kr.	47.400 kr.	15.800 kr.	
Total 1. Year											675.300 kr.
Year 2	Single Ticket	7	1	7	2	75	22%	1.500 kr.	6.375 kr.	2.125 kr.	
	Base Camp	2	0	2	1	75	45%	17.500 kr.	21.875 kr.	7.292 kr.	
	3 Month Card	0	0	1	0	75	15%	29.500 kr.	7.375 kr.	2.458 kr.	
	3 Month Card sub.	1	0	1	0	75	15%	35.700 kr.	17.850 kr.	5.950 kr.	
	6 Month Card	0	0	1	0	75	15%	55.000 kr.	13.750 kr.	4.583 kr.	
	6 Month Card sub.	2	0	1	0	75	15%	59.400 kr.	44.550 kr.	14.850 kr.	
	Annual Card	0	0	1	0	75	15%	85.000 kr.	21.250 kr.	7.083 kr.	
	Annual Card sub.	1	0	2	0	75	15%	94.800 kr.	71.100 kr.	23.700 kr.	
Total 2. Year											816.500 kr.
Year 3	Single Ticket	8	1	8	2	75	25,0%	1.500 kr.	7.125 kr.	2.375 kr.	
	Base Camp	2	0	1	0	75	20,0%	17.500 kr.	13.125 kr.	4.375 kr.	

	3 Month Card	1	0	1	0	75	17,5%	29.500 kr.	14.750 kr.	4.917 kr.
	3 Month Card sub.	1	0	1	0	75	17,5%	35.700 kr.	17.850 kr.	5.950 kr.
	6 Month Card	1	0	1	0	75	17,5%	55.000 kr.	27.500 kr.	9.167 kr.
	6 Month Card sub.	1	0	1	1	75	17,5%	59.400 kr.	44.550 kr.	14.850 kr.
	Annual Card	0	0	1	0	75	17,5%	85.000 kr.	21.250 kr.	7.083 kr.
	Annual Card sub.	2	0	1	0	75	17,5%	94.800 kr.	71.100 kr.	23.700 kr.
Total 3. Year										869.000 kr.
Year 4	Single Ticket	8	0	11	2	75	28,0%	1.500 kr.	7.875 kr.	2.625 kr.
	Base Camp	0	0	1	0	75	10,0%	17.500 kr.	4.375 kr.	1.458 kr.
	3 Month Card	1	0	1	0	75	19,5%	29.500 kr.	14.750 kr.	4.917 kr.
	3 Month Card sub.	2	0	2	0	75	19,5%	35.700 kr.	35.700 kr.	11.900 kr.
	6 Month Card	1	0	1	0	75	19,5%	55.000 kr.	27.500 kr.	9.167 kr.
	6 Month Card sub.	2	0	1	0	75	19,5%	59.400 kr.	44.550 kr.	14.850 kr.
	Annual Card	1	0	1	0	75	19,5%	85.000 kr.	42.500 kr.	14.167 kr.
	Annual Card sub.	1	0	2	0	75	19,5%	94.800 kr.	71.100 kr.	23.700 kr.
Total 4. Year										993.400 kr.
Year 5	Single Ticket	9	0	11	2	75	29%	1.500 kr.	8.250 kr.	2.750 kr.
	Base Camp	1	0	1	0	75	10%	17.500 kr.	8.750 kr.	2.917 kr.
	3 Month Card	1	0	1	0	75	21%	29.500 kr.	14.750 kr.	4.917 kr.
	3 Month Card sub.	2	0	2	0	75	21%	35.700 kr.	35.700 kr.	11.900 kr.
	6 Month Card	1	0	1	0	75	21%	55.000 kr.	27.500 kr.	9.167 kr.
	6 Month Card sub.	1	0	2	0	75	21%	59.400 kr.	44.550 kr.	14.850 kr.
	Annual Card	1	0	2	0	75	21%	85.000 kr.	63.750 kr.	21.250 kr.
	Annual Card sub.	2	0	1	0	75	21%	94.800 kr.	71.100 kr.	23.700 kr.
Total 5. Year										1.097.400 kr.

Table 8 Sales estimation CrossFit Center

These estimations were made for the School Discount cards. For the Fitness Center (GYM) the same rule applied as for those that did not have school discount. ÍA sold 195, 30 ticket school cards and this estimation was based on it there is that Glussa GYM will sell 8% of 195 cards in the first year of operation, 12% in second year of operation. 15% in the third year. 17,5% in year four and 19% in the fifth and final year of estimation. For the CrossFit center, because there are not previous records of sold school cards in BootCamp or CrossFit in Akranes the estimation is based that the school cards that will be sold will be equivalent to half of cards sold in the CrossFit center to non-discount customers.

Period	School Discount	Total Cards Sold First Quarter	Total Cards Sold Second Quarter	Total Cards Sold Third Quarter	Total Cards Sold Fourth Quarter	Estimation % of Sales	Average Income a Quarter	Average Income a Month
Year 1	GYM	307.054 kr.	- kr.	307.054 kr.	- kr.	8%	153.527 kr.	51.176 kr.
	CrossFit	263.415 kr.	- kr.	86.700 kr.	14.875 kr.	50%	91.248 kr.	30.416 kr.
	Total 1. Year Income							

Year 2	GYM	285.804 kr.	- kr.	307.054 kr.	72.080 kr.	12%	166.235 kr.	55.412 kr.
	CrossFit	191.165 kr.	- kr.	290.020 kr.	- kr.	50%	120.296 kr.	40.099 kr.
Total 2. Year Income							1.146.123 kr.	
Year 3	GYM	313.971 kr.	- kr.	313.971 kr.	25.415 kr.	15%	172.588 kr.	57.529 kr.
	CrossFit	147.135 kr.	- kr.	265.880 kr.	- kr.	50%	112.859 kr.	37.620 kr.
Total 3. Year Income							1.141.788 kr.	
Year 4	GYM	339.386 kr.	- kr.	364.801 kr.	- kr.	17,5%	185.296 kr.	61.765 kr.
	CrossFit	238.000 kr.	- kr.	200.260 kr.	- kr.	50%	120.445 kr.	40.148 kr.
Total 4. Year Income							1.222.963 kr.	
Year 5	GYM	318.901 kr.	30.548 kr.	308.838 kr.	45.900 kr.	19%	185.296 kr.	61.765 kr.
	CrossFit	238.000 kr.	- kr.	269.960 kr.	- kr.	50%	138.508 kr.	46.169 kr.
Total 5. Year Income							1.295.213 kr.	

Table 9 School cards sold estimation

According to these estimations made here above the Income should be:

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Income	2.914.438 kr.	3.860.963 kr.	4.421.598 kr.	4.893.673 kr.	5.334.413 kr.

Table 10 Total Income estimation

10. Financial Plan

10.1. Financing

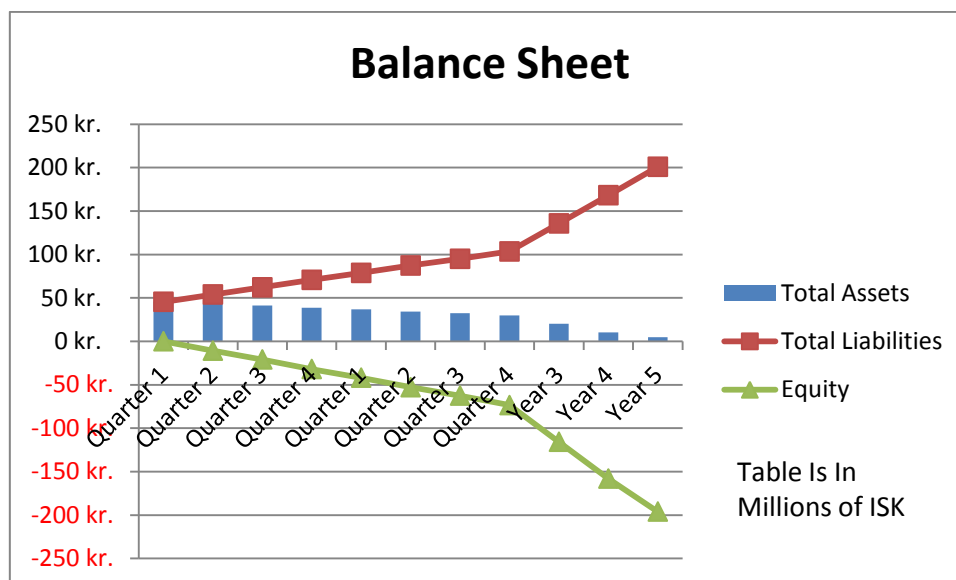
This business plan is based on a loan provided by Landsbanki Íslands for 38.000.000 kr. with 8,9% interest rate. The loan is for eight years with 96 payments, one payment a month. Because this is an estimate the loan is based on 0% inflation and currency fluctuation (Landsbankinn, 2011).

Equivalent	36.667.200 kr.
Loan Period	8 years
Total Cost of Loan	15.058.840 kr.
Total Payback Payment	51.726.040 kr.
Yearly Proportion Cost	10,53%

(Landsbankinn, 2011)

Table 11 Financing

10.2. Assets



Graph 8 Balance Sheet

As can be seen on the balance sheet graph here above the total assets keep decreasing from quarter one all through the business plan as well as the equity at the same time as the total liabilities increase rapidly. The equity is at -195.948.000 kr. in the end of fifth year of operations and total liabilities have increased to 200.898.000 kr.

10.3. Glussa GYM's Projected Income Statement - Years 1 through 5

The income statement answers the questions about what the financial results of the entity's operations were for the fiscal period. How much was the profit or if so how great was the loss (Marshall, McManus, & Viele, 2008, p. 332).

INCOME STATEMENT					
Year 1 through 5	Year 1	Year 2	Year 3	Year 4	Year 5
Operation Income					
Cards sold in fitness center	1.278	1.916	2.412	2.679	2.943
Cards sold in CF. center	675	817	869	993	1.097
School access 15% disc.	1.017	1.185	1.145	1.226	1.298
Total Operation Income	2.971	3.917	4.426	4.898	5.339
Operation Expenses					
Discount on Cards	160	231	285	317	349
Gross Profit	2.811	3.678	4.142	4.581	4.990
Wages & related exp.	17.786	18.675	20.132	21.139	22.196
Rent, heat, elect. etc.	11.707	11.707	11.707	11.707	11.707
Other expenses	1.166	1.213	1.241	1.265	1.287
Marketing expense	1.815	1.015	995	995	995
Total expenses	32.473	32.610	34.075	35.105	36.184
EBITDA	-29.662	-28.924	-29.933	-30.524	-31.194
Depreciation	9.642	9.842	9.900	9.900	5.267
EBIT	-39.304	-38.765	-39.833	-40.424	-36.461
Interest Income/ Cost					
Interest Income	0	0	0	0	0
Interest Cost	-3.063	-2.783	-2.360	-1.938	-1.515
	-3.063	-2.783	-2.360	-1.938	-1.515
EBT	-42.367	-41.548	-42.194	-42.362	-37.976
Income Taxes	0	0	0	0	0
NET INCOME	-42.367	-41.548	-42.194	-42.362	-37.976
All numbers are in thousands of ISK					

Table 12 Income Statement - year 1 through 5

As can be seen on the income statement here above the net income is negative throughout the whole business plan. The net income after one year in operation is -42.367.000 kr. and decreases to -37.976.000 kr. showing that the company is generating a bit more revenue but still losing a fortune each year.

10.4. Key Figures and Surveillance Ratios

It is important that the performance of the company is measured and also that the sales and market shares are monitored closely. By gathering key figures and ratios it simplifies the process of monitoring the company. It is also good to keep track of the ratios to see where Glussa GYM stands in comparison to its competitors.

Key Figures	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5
Current Ratio (Veltufj�rlutfall)	0	0	0	0	0
Equity to asset Ratio (Eiginfj�rlutfall)	-82%	-245%	-575%	-1546%	-3959%

Working Capital Turnover (Veltuhraði fjármagns)	0,08	0,13	0,22	0,48	1,08
Return on Equity (Arðsemi eigin fjár)	>100%	>100%	57%	37%	24%
EBIT / Total Income	-1323%	-990%	-900%	-825%	-683%

Table 13 Key Figures

Current Ratio (veltufjárhlutfall): Current Assets / Current Liabilities

The current ratio is most useful in judging the company's ability to pay back its' short-term liabilities. A ratio under one indicates that the company is unable to meet its liabilities. Glussa GYM has no Current Assets so its current ratio is zero throughout the business plan indicating it is unable to meet its liabilities (Marshall, McManus, & Viele, 2008, p. 79).

Equity to assets ratio (Eigiðfjárhlutfall): Equity / Capital

Companies are generally financed both by equity and with loans. Equity to assets ratio shows how big portion equity is of total capital of the company (Einarsson, 2005, p. 382). Generally speaking the financial strength is greater if the equity to assets ratio is higher. Throughout the business plan it keeps getting lower and lower beginning at -82% in year one and decreases to -3959% in year five.

Working Capital Turnover (Veltuhraði Fjármagns): Sales / Working Capital

The working capital turnover calculates the proportion of sales to working capital. It gives information on how effectively the company is using its working capital to generate sales. The higher the working capital turnover the better it shows that the company is generating efficient sales by using its working capital (Investopedia, n.d.). For Glussa GYM the working capital turnover is quite low throughout the business plan.

Return on Equity: Net Income / Average Owner's Equity

Net income divided by average owner's equity is a measurement tool of profitability for a business in a relation to the owner's investment in the business (Marshall, McManus, & Viele, 2008). The greater the return on equity the higher the profit is for the shareholders (Stefánsson, Guðmundsdóttir, Guðmundsson, Jónasardóttir, & Sveinsdóttir, 2003). Return on equity shows how much profit a company generates with the money shareholders have invested.

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Net Income	-42.367	-41.548	-42.194	-42.362	-37.976
Owners' Equity	- 31.867	- 73.416	- 115.610	- 157.972	- 195.948

ROE	-133%	-57%	-36%	-27%	-19%
All numbers are in thousands of ISK					

Table 14 Return on Equity

EBIT margin = EBIT / Total Revenue

The EBIT margin is negative throughout the whole business plan. It starts in -1575% the first year of operation and ends in -856% after five years of operation. These numbers indicate that there is no basis for operation.

10.5. Sensitivity analysis

Sensitive analysis tells how sensitive the operation is to changes in income and cost. As can be seen in table 16 here below it does not matter if Glussa GYM increases its sales by 10% in year five and decreases its cost by 10% the company will still be reporting massive losses.

Sensitivity analysis year 5 of operations								
		- Changes in Sales -						
		-30%	-20%	-10%	0%	10%	20%	30%
- Changes in Cost -	-30%	-28.487	-27.997	-27.506	-27.016	-26.526	-26.035	-25.545
	-20%	-32.122	-31.638	-31.153	-30.669	-30.185	-29.701	-29.217
	-10%	-35.757	-35.279	-34.801	-34.323	-33.845	-33.367	-32.888
	0%	-39.392	-38.920	-38.448	-37.976	-37.504	-37.032	-36.560
	10%	-43.026	-42.561	-42.095	-41.629	-41.164	-40.698	-40.232
	20%	-46.661	-46.202	-45.742	-45.283	-44.823	-44.364	-43.904
	30%	-50.296	-49.843	-49.389	-48.936	-48.483	-48.029	-47.576
Numbers are in Thousands of ISK								

Table 15 Sensitivity analysis

11. Conclusion

According to data provided by Íþróttabandalag Akraness sales of all their membership cards have been increasing from the year 2004 until around the year 2009, all besides 30 tickets to the gym and swimming pool which has been falling rapidly since the year 2005. Also according to data from Statistic Iceland the population in Akranes has been increasing these past years. These statistics indicating that the market demand in Akranes is increasing. A strong indicator of increased demand for CrossFit is the fact that CrossFit centers are opening up all around Reykjavík and not only opening up but also expanding their facilities due to increase in demand. This promotes the idea that there could a demand in Akranes for a CrossFit center.

The Icelandic government is coming more and more aware of the decline in physical state of Icelanders and has now signed a treaty with the European Union about fight the battle against obesity. Glussa GYM could apply to the government for funding based on this treaty on the grounds that Glussa GYM would be fighting the battle of obesity. And could that funding maybe come through grants.

Competitive rivalry in Akranes right now is quite low, there is one clear market leader which is ÍA and they run the only fitness center in Akranes. Glussa GYM would come to be in direct competition with ÍA as well as BootCamp. Glussa GYM would create competitive advantages through the combination of CrossFit and fitness center and deliver more customer satisfaction through qualified employees with customer driven attitude.

For Glussa GYM to be able to get up and running it has to gather 48 million ISK. The fitness center requires 36 million ISK for equipment and will be able to service around 70 – 80 people at a time or around 850 people on week days. The CrossFit center is relatively cheaper in cost of equipment or roughly four million ISK and will be able to service around 50 people at each course. Other expenses are for renovations in the facility.

The plan estimates that the financial funding will be acquired through a loan and investment from investors. Glussa GYM will take 38 million ISK loan from Landsbankinn for eight years with 8,9% interest rate and 10 million ISK will be funded through investors with required rate of return of 5% a year.

As can be seen on the income statement Glussa GYM will be generating losses all throughout the business plan, assuming that given assumptions hold. The net income for the first year of

operations is -42.367.000 ISK and ends in -37.976.000 ISK in the end of year five. This business plan is based on estimations and thus hard to say with certainty that this plan will stand. However these estimations are based on reliable data and processed with approved methods.

From the sensitivity analysis it is clear that even though sales increase by 30% and cost decreases by 30% Glussa GYM will still be generating losses. The equity is at -195.948.000 ISK in the end of fifth year of operations and total liabilities have increased to 200.898.000 ISK

This conclusion raises the question if prices are too low or expenses too high. It is the author's estimation that there is no room for increasing the price of membership cards if it is not to have negative effect on the demand. Sales estimations for the CrossFit center might be reevaluated in the light of how well CrossFit is doing in Reykjavík. The possibility of downsizing at Glussa GYM could also be speculated but would affect the marketing strategy and customer service.

When the information from this business plan is examined it is clear that everything indicates that there is not a base for a Fitness- and CrossFit Center in Akranes. In addition to what is in the business plan further information can be found in the appendix.

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13. Appendix Table

Appendix 1 - Income Statement, Balance Sheet and Cash Flow Statement

Appendix 2 - Glussa GYM's Projected Income Statement – Years 1 through 5

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Appendix 7 - Price Listing

Appendix 8- Full equipment listing

Appendix 1 - Income Statement, Balance Sheet and Cash Flow Statement

Glussa GYM's Projected Income Statement – Year 1 by Months

INCOME STATEMENT	Jan Year 1	Feb Year 1	Mar Year 1	Apr Year 1	May Year 1	Jun Year 1	Jul Year 1	Aug Year 1	Sep Year 1	Oct Year 1	Nov Year 1	Dec Year 1
Operation Income												
Cards sold in fitness. center	389	186	66	21	5	2	2	11	567	14	5	2
Cards sold in CF. center	316	3	2	18	0	0	0	0	336	2	0	0
School access 15% disc.	405	172	3	3	3	3	3	54	346	18	3	3
Total Operation Income	1.119	361	71	42	8	5	5	66	1.249	34	8	5
Operation Expense												
Discount on Cards	55	19	7	3	0	0	0	1	73	1	0	0
Gross Profit	1.064	342	65	39	7	5	5	65	1.176	33	7	5
Wages & related exp.	1.449	1.455	1.461	1.467	1.473	1.479	1.485	1.491	1.497	1.503	1.509	1.516
Rent, heat, elect. etc.	976	976	976	976	976	976	976	976	976	976	976	976
Other expenses	141	103	88	87	85	85	85	88	147	86	85	85
Marketing expense	931	150	50	20	50	20	20	295	100	20	20	139
	3.496	2.684	2.575	2.549	2.584	2.560	2.566	2.850	2.720	2.585	2.590	2.715
EBITDA	-2.433	-2.341	-2.510	-2.510	-2.576	-2.555	-2.561	-2.785	-1.544	-2.553	-2.583	-2.711
Depreciation	800	800	800	800	800	800	800	800	800	800	800	800
EBIT	-3.233	-3.141	-3.310	-3.310	-3.376	-3.355	-3.361	-3.593	-2.353	-3.361	-3.391	-3.519
Interest Income / Cost												
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0
Interest Cost	-141	-280	-277	-274	-272	-269	-266	-263	-260	-257	-254	-251
	-141	-280	-277	-274	-272	-269	-266	-263	-260	-257	-254	-251
EBT	-3.373	-3.373	-3.422	-3.588	-3.585	-3.648	-3.624	-3.627	-3.856	-2.613	-3.618	-3.645
Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME	-3.373	-3.373	-3.422	-3.588	-3.585	-3.648	-3.624	-3.627	-3.856	-2.613	-3.618	-3.645

All numbers are in thousands of ISK

Appendix 2 - Glussa GYM's Projected Income Statement – Years 1 through 5

INCOME STATEMENT					
Year 1 through 5	Year 1	Year 2	Year 3	Year 4	Year 5
Operation Income					
Cards sold in fitness center	1.278	1.916	2.412	2.679	2.943
Cards sold in CF center	675	817	869	993	1.097
School access 15% disc.	1.017	1.185	1.145	1.226	1.298
Total Operation Income	2.971	3.917	4.426	4.898	5.339
Operation Expenses					
Discount on Cards	160	231	285	317	349
Gross Profit	2.811	3.678	4.142	4.581	4.990
Wages & related exp.	17.786	18.675	20.132	21.139	22.196
Rent, heat, elect. etc.	11.707	11.707	11.707	11.707	11.707
Other expenses	1.166	1.213	1.241	1.265	1.287
Marketing expense	1.815	1.015	995	995	995
Total expenses	32.473	32.610	34.075	35.105	36.184
EBITDA	-29.662	-28.924	-29.933	-30.524	-31.194
Depreciation	9.642	9.842	9.900	9.900	5.267
EBIT	-39.304	-38.765	-39.833	-40.424	-36.461
Interest Income/ Cost					
Interest Income	0	0	0	0	0
Interest Cost	-3.063	-2.783	-2.360	-1.938	-1.515
	-3.063	-2.783	-2.360	-1.938	-1.515
EBT	-42.367	-41.548	-42.194	-42.362	-37.976
Income Taxes	0	0	0	0	0
NET INCOME	-42.367	-41.548	-42.194	-42.362	-37.976

All numbers are in thousands of ISK

Appendix 3 - Glussa GYM's Projected Balance Sheet – Year 1 by Months

BALANCE SHEET												
	Jan Year 1	Feb Year 1	Mar Year 1	Apr Year 1	May Year 1	Jun Year 1	Jul Year 1	Aug Year 1	Sep Year 1	Oct Year 1	Nov Year 1	Dec Year 1
Fixed Assets												
Assets	47.200	46.400	45.600	44.800	44.000	43.200	42.400	42.092	41.283	40.475	39.667	38.858
Total Fixed Assets	47.200	46.400	45.600	44.800	44.000	43.200	42.400	42.092	41.283	40.475	39.667	38.858
Current Assets												
Handbært fé	0	0	0	0	0	0	0	0	0	0	0	0
Short-Term Liab.	0	0	0	0	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	47.200	46.400	45.600	44.800	44.000	43.200	42.400	42.092	41.283	40.475	39.667	38.858
Debt & Equity												
Equity:												
Shares	10.500	10.500	10.500	10.500	10.500	10.500	10.500	10.500	10.500	10.500	10.500	10.500
Other equity	-3.373	-6.795	-10.383	-13.968	-17.616	-21.239	-24.866	28.722	-31.335	-34.952	-38.597	-42.367
Total Equity	7.127	3.705	117	-3.468	-7.116	-10.739	-14.366	18.222	-20.835	-24.452	-28.097	-31.867
LIABILITIES												
Income TAX liability	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term Debt:												
Loan	38.000	37.604	37.208	36.813	36.417	36.021	35.625	35.229	34.833	34.438	34.042	33.646
Next year payment of lt. debt	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750	-4.750
Total Long-Term Debt	33.250	32.854	32.458	32.063	31.667	31.271	30.875	30.479	30.083	29.688	29.292	28.896
Short-Term Debt:												
Next years payment of lt. debt	4.750	4.750	4.750	4.750	4.750	4.750	4.750	4.750	4.750	4.750	4.750	4.750
Capital Requirement	2.267	5.459	8.849	11.867	15.328	18.347	21.781	25.551	27.760	30.706	34.149	37.526
VSK Liability	-193	368	574	412	629	429	641	466	476	216	427	446
Taxation	0	0	0	0	0	0	0	0	0	0	0	0
Total Short-Term debt	6.823	9.841	13.025	16.205	19.449	22.668	25.891	29.835	32.035	35.240	38.472	41.830
Total Debt	40.073	42.695	45.483	48.268	51.116	53.939	56.766	60.314	62.118	64.927	67.764	70.726
Total Debt and Equity	47.200	46.400	45.600	44.800	44.000	43.200	42.400	42.092	41.283	40.475	39.667	38.858
All numbers are in thousands of ISK												

Appendix 4 - Glussa GYM's Projected Balance Sheet – Years 1 Through 5

BALANCE SHEET					
	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Assets					
Assets	38.858	30.017	20.117	10.217	4.950
Total Fixed Assets	38.858	30.017	20.117	10.217	4.950
Current Assets					
Handbært fé	0	0	0	0	0
Short-Term Liabilities	0	0	0	0	0
Inventory	0	0	0	0	0
Total Current Assets	0	0	0	0	0
Total Assets	38.858	30.017	20.117	10.217	4.950
Debt & Equity					
Equity:					
Shares	10.500	10.500	10.500	10.500	10.500
Other equity	-42.367	-83.916	-126.110	-168.472	-206.448
Total Equity	-31.867	-73.416	-115.610	-157.972	-195.948
LIABILITIES					
Income TAX liability	0	0	0	0	0
Long-Term Debt:					
Loan	33.646	28.896	24.146	19.396	14.646
Next year's payment of lt. debt	-4.750	-4.750	-4.750	-4.750	-4.750
Total Long-Term Debt	28.896	24.146	19.396	14.646	9.896
Short-Term Debt:					
Next year's payment of lt. debt	4.750	4.750	4.750	4.750	4.750
Capital Requirements	37.526	74.964	111.902	149.422	187.176
VSK Liability	-446	-427	-321	-629	-924
Taxation	0	0	0	0	0
Total Short-Term debt	41.830	79.287	116.330	153.542	191.002
Total Debt	70.726	103.432	135.726	168.188	200.898
Total Debt and Equity	38.858	30.017	20.117	10.217	4.950
All numbers are in thousands of ISK					

Appendix 5 - Glussa GYM's Projected Cash Flow Statement – Year 1 by Month

CASH FLOW	Jan Year 1	Feb Year 1	Mar Year 1	Apr Year 1	May Year 1	Jun Year 1	Jul Year 1	Aug Year 1	Sep Year 1	Oct Year 1	Nov Year 1	Dec Year 1
Reported profit (loss)	-3.373	-3.422	-3.588	-3.585	-3.648	-3.624	-3.627	-3.856	-2.613	-3.618	-3.645	-3.770
Depreciation	800	800	800	800	800	800	800	808	808	808	808	808
Working capital	-2.573	-2.622	-2.788	-2.785	-2.848	-2.824	-2.827	-3.048	-1.804	-2.809	-2.837	-2.962
Changes in VSK liabilities	-193	-174	-206	163	-217	200	-212	174	-9	260	-211	-19
Breyting á rekstrartengdum eignum og skuldum	-193	-174	-206	163	-217	200	-212	174	-9	260	-211	-19
Cash or cash equivalents from oper:	-2.767	-2.796	-2.994	-2.622	-3.065	-2.623	-3.038	-2.874	-1.814	-2.550	-3.048	-2.981
INVESTMENT MOVEMENTS:												
Investment	-48.000	0	0	0	0	0	0	-500	0	0	0	0
FINANCING MOVEMENTS:												
New long-term loan	38.000	0	0	0	0	0	0	0	0	0	0	0
Payments of long-term loans	0	-396	-396	-396	-396	-396	-396	-396	-396	-396	-396	-396
New shares	10.500											
Investment movement Financial Movements	48.000	-396	-396	-396	-396	-396	-396	-396	-396	-396	-396	-396
Increase / decrease in cash	-2.267	-3.192)	-3.390	-3.018	-3.461	-3.019	-3.434	-3.770	-2.209	-2.945	-3.444	-3.377
Cash balance in beg year	0	-2.267)	-5.459	-8.849	-11.867	-15.328	-18.347	-21.781	-25.551	-27.760	-30.706)	-34.149
Cash Balance in year end	-2.267	-5.459	-8.849	-11.867	-15.328	-18.347	-21.781	-25.551	-27.760	-30.706	-34.149	-37.526
All numbers are in thousands of ISK												

Appendix 6 - Glussa GYM's Projected Cash Flow Statement – Years 1 Through 5

CASH FLOW					
	Year 1	Year 2	Year 3	Year 4	Year 5
Reported profit (loss) from income statement	-42.367	-41.548	-42.194	-42.362	-37.976
Depreciation	9.642	9.842	9.900	9.900	5.267
Working capital	-32.2726	-31.707	-32.294	-32.462	-32.709
Changes in VSK liabilities	-446	19	106	-308	-295
Breyting á rekstartengdum eignum og skuldum	-446	19	106	-308	-295
Cash or cash equivalents from oper:	-33.172	-31.687	-32.188	-32.770	-33.004
INVESTMENT MOVEMENTS:					
Investment	-48.500	-1.000	0	0	0
FINANCING MOVEMENTS:					
New long-term loan	38.000	0	0	0	0
Payments of long-term loans	-4.354	-4.750	-4.750	-4.750	-4.750
New Shares	10.500				
Investment movement					
Financial Movements	42.500	-4.750	-4.750	-4.750	-4.750
Increase / decrease in cash	-37.526	-37.437	-36.938	-37.520	-37.754
Cash balance in beg year	0	-37.526	-74.964	-111.902	-149.422
Cash Balance in year end	-37.526	-74.964	-111.902	-149.422	-187.176

All numbers are in thousands of ISK

Appendix 7 - Price Listing

GYM - Single ticket	1.500 kr.
GYM - 1 month card cash payment	9.900 kr.
GYM - 3 month card cash payment	19.900 kr.
GYM - 3 month subscription	7.990 kr.
GYM - 6 month card cash payment	29.900 kr.
GYM - 6 month subscription	5.990 kr.
GYM - Annual Card cash payment	54.900 kr.
GYM - Annual Card subscription	4.990 kr.
CrossFit - Single ticket	1.500 kr.
CrossFit – Base Camp cash payment.	17.500 kr.
CrossFit - 3 month card cash payment	29.500 kr.
CrossFit - 3 month subscription	11.900 kr.
CrossFit - 6 month card cash payment	55.000 kr.
CrossFit - 6 month subscription	9.900 kr.
CrossFit - Annual Card cash payment	85.000 kr.
CrossFit - Annual Card subscription	7.900 kr.
School Access - GYM 6 month card cash payment	25.415 kr.
School Access - GYM 6 month subscription	5.091 kr.
School Access - GYM Annual Card cash payment	46.665 kr.
School Access - GYM Annual Card subscription	4.242 kr.
School Access - CrossFit Base Camp cash payment.	14.875 kr.
School Access - CrossFit 3 month card cash payment	25.075 kr.
School Access - CrossFit 3 month subscription	10.115 kr.
School Access - CrossFit 6 month card cash payment	46.750 kr.
School Access - CrossFit 6 month subscription	8.415 kr.
School Access - CrossFit Annual Card cash payment	72.250 kr.
School Access - CrossFit Annual Card subscription	6.715 kr.

Appendix 8- Full equipment listing

		MSRP usd	Price pr.stk.
	Strength		
11000	Chest Press	5.395	
111150	Incline Press	5.395	
11090	Abdominal	4.295	
11030	Row	5.395	
11190	Torso	5.395	
11100	Back extension	4.795	
11070	Arm Curl	4.195	
11051	Leg Extension	4.795	
11141	Prone Leg Curl	4.395	
11061	Seated leg curl	4.795	
11181	Hip Ab/Ad	6.595	
5321	Leg Press	4.990	
5471	Smith Press	1.845	
	Seated Calf	3.990	
16000	Adjustable decline bench	825	
16250	Twin tire dumbbell rack	925	
16130	Scott Curl	925	
16021	45° Back extension	1.225	
16180	Leg raise/Dip	1.025	
16230	Hack squat	2.575	
17041	T-bar row	2.045	
17071	Lat Pulldown	1.945	
17031	Low Row	1.945	
17110	Adjustable cable crossover	6.295	
16050	Olympic Incline bench	1.025	
16040	Flat Bench	425	
	Big Iron		
2 stk.	Benches	2.490	1.245
19050	Power Rack 9"	4.695	
	Cardio		
10 stk.	Treadmil 770T (Ódýrari en 750T)	73.950	7.395
4 stk	ARC total body 750AT	31.980	7.995
4 stk.	þrekhjól 750C	13.980	3.495
2 stk.	Stepper Cyclone	6.790	3.395
	Dumbel		
1000	kg. Weight plates rubber m/gripi 50mm	5.000	5
1000	kg. Dumbbell from 1-50kg. Rubber	5.000	5
2 stk	Olimpic dumbbells 50mm	1.200	600
	Total in Us dollars	232.535	
	Shipping and setup of equip is in the price		
	On top of that 10% toll og VAT		
	Total in ISK currency rate 116 kr.	37.237.690	

