

# **Fitness World Business Plan**

## **Feasibility Study**

**Ashley Sides**  
**Erin Moore**  
**Robert Dudley**  
**Stephanie Ulan**

### **I. The Business**

#### **A. Executive Summary**

Fitness World will be located in Farmville, Virginia. Our specific purpose is to provide fitness programs to our members located in the area. Fitness World promotes long term lifestyle changes for our patrons through exercise and nutrition for their all around wellbeing. With all of our unique features, services, and amenities this company will be truly successful generating growth, revenue, and independence for all the its initial founders.

#### **B. Description of Business**

Fitness World is located in Farmville, Virginia at 300 South Main Street. The company's potential clientele will be able to contact the facility for more information at 434.304.4630. Fitness World is considered to be a professional fitness and related service provider. It will open up as a limited liability company that provides its customers with a state-of-the-art fitness center satisfying the needs and desires of each individual member. The company will offer an assortment of updated, universal equipment with a variety of features to ensure the highest quality workout for all of it's customers at an adequate price. The members of Fitness World will be able to work out at their own free will or have the option of following one of our detailed workout plans for both men and women. Membership of Fitness World, LLC will be divided amongst

the four founders and initial investors. This includes Ashley Sides, Erin Moore, Robert Dudley, and Stephanie Ulan. The executive board of Fitness World will also be working closely with a board of business advisors. These advisors include a local insurance agent, the Small Business Administration for our basic 7(a) loan program, a lawyer, as well as an accountant who is Erin Moore who doubles as the Executive Vice President of Marketing. The executives of Fitness World plan to open the doors to this one-of-a-kind fitness utopia in January of 2006. Opening the facility in the following year will ensure better preparation and anticipation of any unexpected events.

### **Mission Statement**

It is the mission of Fitness World to provide the public and other fitness professionals with advanced fitness equipment and the most sophisticated training programs in the industry. It is the company's goal to supply a facility where the customer can expand their physical fitness skills with the assistance of a professional team, challenging and encouraging members to reach their personal fitness goals.

### **Objectives**

- To provide opportunities to advance and maintain the health and wellness of the staff and the surrounding community.
- To offer a variety of exercise programs to encourage patrons to make changes for a healthier lifestyle.
- To provide individual attention to members encouraging wellness through fitness testing, evaluations, health screenings, exercise programming, and personal training instruction.
- To encourage the art and science of strength training and bodybuilding.

- To provide quality service to members with a distinguished reputation as being a superior training facility to any competitors in the area as well as in the industry.

### **C. Ownership**

Fitness World is a Limited Liability Corporation based on tax advantages and liability protection. It is operated by its members, Ashley E. Sides, Erin E. Moore, Robert R. Dudley, and Stephanie Ulan, with proportioned percentages of membership based upon initial startup contributions. Ashley Sides, the President/ CEO of Fitness World, whose initial contribution of \$50,000 earned her 35% of this LLC. Her responsibilities and duties consist of creating and communicating a vision for the future of Fitness World, establishing a work environment that inspires employees to succeed and support the improvement of fitness services, oversee the development of action plans associated with Fitness World's predetermined goals and purpose, enforce and support the commitment of excellence throughout all employees, as well as directing the entire range of activities of the company. Erin Moore, the Executive Vice President of Marketing and Accounting, contributed an initial investment of \$40,000 which earned her 25% of this LLC. Her responsibilities and duties in this position

### **D. Personal/Skill Sets**

Ashley Sides will be Fitness World's President. This position was based upon her Education background; MBA from Georgetown, as well as her experience in the health industry.

Erin Moore will be Fitness World's Vice President of Marketing. This position was based upon her Education background; BBA in Marketing and Management from Radford University, as well as her experience in the Marketing industry.

Robert Dudley will be Fitness World's VP of Production. This position was based upon his education background; BBA in Management with a concentration in operations from Radford University as well as his experience in operations management prior to his partnership with Fitness World.

Stephanie Ulan will be Fitness World's VP of Sales based on her background in finance and management.

(refer to the résumés enclosed in the Appendix)

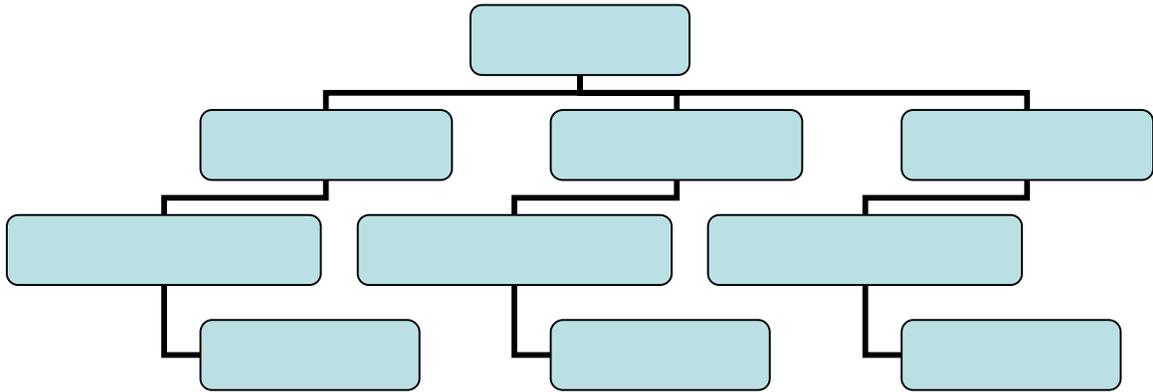
#### **E. Contracts**

Fitness World, as a health and fitness facility, will have several contracts. Due to the fact that we have purchased the facility on loan, a leasing contract will not be necessary. We intend to have contracts with all of our patrons involved with the membership agreement as well as consent/evaluations forms for all participants in Fitness World activities and programs. We will also have contracts with all of our employees based on their liability concerning taxes and their positions.

#### **F. Insurance**

Fitness World has insurance through Insurance Management Association. Fitness World, as a health club facility, will have the basic insurance minimum recommended for our company. Fitness World will have general Liability insurance, business interruption insurance, workman's compensation, fire insurance, business life insurance, as well as auto machinery coverage in addition to extra expense insurance. The agent that we will be using at Insurance Management Association will be Abby Prosb.

#### **G. Organization infrastructure**



The basis for our infrastructure layout was based upon the initial investment as well as education background and related experience within the health and wellness industry.

## **II. Product/Service**

### **A. Purpose**

The purpose of Fitness World is to provide fitness programs to our members located in the Farmville, Virginia area. Fitness World promote long term lifestyle changes for our patrons through exercise and nutrition for their all around wellbeing.

### **B. Unique Features**

Fitness World is a state of the art facility equipped with televisions in the main fitness area as well as the area designated to cardiovascular equipment. Fitness World also offer a wireless remote system for the televisions and radio stations attached to each cardiovascular machine that allows our patrons to choose their own desired television/radio station. Fitness World also offers an aesthetic appearance in conjunction with mirrored interior walls in the weight lifting area and cardiovascular. Fitness World also feature a large gymnasium with a full length basketball court, 3 volleyball courts, and 3 racquetball courts. Our facility also features a wide selection of plate loaded free

weights, cardiovascular equipment by Precor and Stairmaster, and stationary weight lifting equipment from Nautilus. In addition to our specialty equipment, Fitness World also offer an Olympic size, heated pool for all of your aquatic needs as well as a leisure pool for all your family fun. Fitness World also offer a variety of fitness programs and classes, a daycare center, and multiple tanning beds.

### **C. Stage of development**

Currently Fitness World is still in the planning stage. Fitness World plan on implementing our plans at the end of this year, opening and excepting new memberships in January 2006; just in time to fulfill personal resolutions for the New Year.

### **D. Government Approvals**

Fitness World's government approvals include Federal, State, and Local taxes for Farmville, Virginia. In addition, because we operate as a Limited Liability Corporation, our federal income taxes include social security and withholding taxes. Refer to the Appendix for tax forms and LLC permit requirements.

### **E. Product/service limitations**

Currently Fitness World is only planning on including personal training classes, day care services, saunas, tanning beds, aerobic and other fitness classes, free weights, cardio equipment (Stairmasters, elliptical, and treadmills), and an aquatic area; however Fitness World will not have massage therapists, tennis courts, rock climbing wall, life guards, 24 hour accessibility, retail, youth camps,

### **F. Suppliers**

Fitness world's suppliers include cardiovascular equipment from Precor and Stairmaster, stationary weight equipment from Nautilus, plate loaded free weights from York, tanning

beds Wolf Tanning, aquatic supplies from Anchor Pools, fitness drinks from Gatorade and water from Dasani, tanning oils from Caribbean Gold, stereo equipment from Bose Stereo systems and other entertainment equipment purchased from Circuit City, washer and dryer units from Circuit City by Whirlpool, and other gym necessities from Costco Online.

### **G. Operating procedures**

The elements of the operations strategy will consist of capabilities that will lead to Fitness World's competitive advantage.

### **H. Facilities**

Fitness World is built on 4.5 acres of land, with a 110,000 square foot facility, and a 59,000 square foot parking lot for our members convenience. Fitness World also feature a 3,500 sq. ft. aerobic studio, 5,200 strength training area, 4,000 cardiovascular area, and a 50 meter Olympic size pool. Leisure Facilities include sauna, hot tub, Olympic size, heated pool, racquetball courts, volleyball courts, basketball gymnasium, and tanning beds. Gym facilities include locker rooms, cardiovascular and stationary weight lifting equipment, and a selection of free weights.

### **I. Related services/spin-offs**

In addition to offering a state-of-the-art fitness facility, Fitness World also offers a variety of other services including tanning, daycare for your convenience while you enjoy your work out,

### **J. Product Liability**

General Liability insurance will ensure the safety of our clientele while they use our facility. Fitness World also has waivers requiring that the age of our members must be 16 years of age or accompanied by adult member. This will insure any legal liability as far as our equipment is concerned.

#### **K. Environmental Factors**

When considering the environmental factors for Fitness World, ensuring that the company makes sure that we are complete in doing so. Through research we have come to the conclusion that the major environmental factors that we are going to include will be Government actions, demographics, innovation and technology, and cultural trends. Government actions will include price controls, safety and operational regulations, and licensing requirements. Demographics include education, age, and income trends in the Farmville area. These can have a great effect on the business negatively if are marketing plan is not researched properly. Innovation and emerging technology may include technological advancements that can either help our business or have a negative effect. New alternatives to exercising may be introduced greatly affecting the business financially. In addition to all of these factors, cultural trends are also extremely important. Life style changes and trends may also affect our marketing penetration of our market.

### **III. Marketing Plan**

#### **A. Industry Profile**

Fitness World is a competitor within the health and wellness industry. In this particular area, there are a limited amount of other fitness facilities; they include the *YMCA*,

*Curves*, *The Gym*, and the fitness facility on Longwood's campus. There are over 33,000 health and fitness facilities in the United States, delivering different types of programs. There have been a number of factors in our culture have influenced major health-related trends. These include the movement away from a single purpose club to multipurpose athletic and fitness club. In addition there are many statistic regarding the health club industry; for instance health club memberships increased by 38% during the period between 1987 to 1995 and continues to increase (fitness management online).

## **B. Competition Profile**

Fitness World is located in downtown Farmville, Virginia with four main competitors.

- The *YMCA* is for lower income families who want to incorporate Christian practices in everyday health and wellness.
- *Curves* is a smaller facility for women only who have a small amount of time during their busy schedules for a quick, fun-filled workout.
- *The Gym* is a much smaller facility targeting towards locals of Farmville. We consider this our main competitor because there are no limitations on members.
- Longwood University's main fitness facility is currently under construction due to environmental damages. As of right now their only on campus fitness facility is in desperate need of renovation. In addition it is mainly attracted by the students and Faculty members at Longwood University.

## **C. Customer Profile**

Farmville is mostly made up of lower to middleclass people, students from Longwood and Southside Virginia Community College, and others who believe fitness is a necessity for a healthy lifestyle. We believe that there are currently approximately 7,300 people in

Farmville that have some type of physical activity on a regular basis therefore we believe that those people will also be within our customer profile

**D. Target Markets**

Fitness World’s primary target market will consist of college and high school students and middle income families. Our secondary target market includes retirees and other small to medium sized businesses in the Farmville area. National statistics show that 48% of American’s have some type of regular physical activity, therefore we target toward the 7,361 people in Farmville that exercise regularly. Statistics also show that average gym goers are between the ages of 15 to 44 therefore in Farmville there are over 4,000 people between those ages.

**E. Market Penetration**

Due to the small nature of the business, it is difficult to determine the market share within the health and wellness industries; however, Fitness World expects to be successful in generating revenues and expanding the growth of the market share. We plan on including previous customers of the surrounding area gyms, as well as generating new customers through marketing segmentation.

**F. Price**

Our membership’s fees are slightly higher then the rest of our competition but our customers are compensated with our aesthetic environment and state-of-the-art facilities.

<b>Number of People</b>	<b>Monthly Rate for all inclusive</b>	<b>Monthly rate for aquatic area</b>	<b>Tanning only (Ages 13 or older)</b>
Single	\$65/mont h	\$46/month	\$29/month
Married Couple	\$112/month	\$81/month	\$55/month
Families (3 or more)	\$52 per person per month	\$37per person per month	\$24 per person per month
Corporate Group Rates (3 or more)	\$55 per person per month	\$40 per person per month	\$27 per person per month

Add on child (ages 8-17)	\$29/month	\$19/month	\$23/month
Senior Citizens (age 60+)	\$49/month	\$34/month	\$23/month
	<b>Bi-annual rate for all inclusive</b>	<b>Bi-annual rate for aquatic area</b>	<b>Bi-annual rate for tanning only</b>
Single	\$60/month	\$41/month	\$24
Married Couple	\$107/month	\$76/month	\$50/month
Families (3 or more)	\$47 per person per month	\$32 per person per month	\$19 per person per month
Corporate Group Rates (3 or more)	\$50 per person per month	\$35 per person per month	\$22 per person per month
Add on child (ages 8-17)	\$24/month	\$14/month	\$18/month
Senior Citizens (age 60+)	\$44/month	\$29/month	\$18/month
	<b>Annual rate for all inclusive</b>	<b>Annual rate for aquatic area</b>	<b>Annual rate for tanning only</b>
Single	\$55/month	\$36/month	\$19/month
Married Couple	\$102/month	\$71/month	\$45/month
Families (3 or more)	\$42 per person per month	\$27 per person per month	\$14 per person per month
Corporate Group Rates (3 or more)	\$45 per person per month	\$30 per person per month	\$17 per person per month
Add on child (ages 8-17)	\$19/month	\$10/month	\$15/month
Senior Citizens (age 60+)	\$39/month	\$25/month	\$15/month
<b>College Student rates with student ID</b>	\$135/semester (spring or fall only; 6 month period)	\$75/semester (spring or fall only; 6 month period)	\$100/semester (spring or fall only; 6 month period)
<b>Initiation fee (for bi-annual and annual memberships)</b>	\$25 one time fee		
<b>Kid Care (members may only add this service to bi-annual and annual contracts)</b> *Parents must remain on premises *Maximum time for Kid Care Service is 3 hours per day	\$15/month (annual) \$22/month (bi-annually)		
<b>Personal Training Programs (members only)</b>			
1 hour	\$50		

4 hours	\$185
8 hours	\$340
12 hours	\$450
<b>Miscellaneous Expenses</b>	
Guest Pass (daily admission); after initial free visit	\$5 per visit (with member) \$8 per visit (without member up to 10 visits)
Locker	\$10/month with any membership
Head Phones	\$2 daily rental
Towel Service	<b>**FREE**</b> with any membership
Tanning Sample Lotion	\$5/each
<b>Fitness Classes</b>	
All fitness Classes	\$25/month <b>**FREE**</b> with Bi-annual and annual all inclusive memberships
**All inclusive packages include access to all of our fitness facilities, fitness classes, tanning, aquatic center, locker rooms access and towel service, saunas, individual equipment orientation, basketball, volleyball, and racquet ball courts, and kid care with additional fees	

### **G. Sales Estimate**

Our sales estimate for our first year will be \$1,491,800 based on the sale of 3580 different membership agreements with a total unit cost of \$403. Despite our sales, we will not have a net revenue until after our second year of business continuing on into our future year.

### **H. Cost of product/service**

Fitness World has a variety of gym equipment that we will be purchasing from a variety of different places. We plan to purchase all of our cardiovascular equipment from Precor Online, all of our stationary strength training equipment from Nautilus online, and all of our free weight equipment as well as our standing benches from Hammerstrength and York online. For other items such as entertainment equipment, washer and drier, and bath/hand towels we will be purchasing those items from Circuit City and Costco. Our Dell Desktop computers will be purchased from Dell online in addition to our 6 Supreme

24 tanning beds purchased from Dick's Sporting Goods. We plan on using the internet as for most of our initial purchases. Other such as pool chemicals and equipment will be delivered to Fitness World approximately ever two months from Pool Gear Plus Supply Company online. As discussed before, most of our initial and regular purchases will be ordered via internet.

Precor Elliptical EFX576i <sup>6</sup>	\$2599 x 15	\$38985
Precor Treadmill C952i <sup>6</sup>	\$2199 x 12	\$23688
Precor Stationary Bike C842i-R <sup>6</sup>	\$1199 x 8	\$9592
Precor Climber C764i <sup>6</sup>	\$1899 x 8	\$15192
Precor commercial discount (33%) <sup>6</sup>		(\$28860)
<b>Total Cardio Cost</b>		<b>\$58597</b>
Nautilus Nitro Plus 20 piece stationary set <sup>7</sup>		\$11980
Nautilus commercial discount (23%) <sup>7</sup>		(\$2755)
<b>Total Stationary Equipment Cost</b>		<b>\$9225</b>
<b>Hammerstrength Flat bench<sup>8</sup></b>	<b>\$199 x 4</b>	<b>\$796</b>
<b>Hammerstrength Incline bench-30<sup>8</sup></b>	<b>\$199 x 2</b>	<b>\$498</b>
<b>Hammerstrength plate loaded free weights (2-40kg)<sup>8</sup></b>		<b>\$3059</b>
<b>Hammerstrength Dumbbells (2-40kg) x 2 sets<sup>8</sup></b>		<b>\$6118</b>
<b>Costco Hand Towels<sup>9</sup></b>	<b>\$2.50 x 500</b>	<b>\$1250</b>
<b>Costco Bath Towels<sup>9</sup></b>	<b>\$4 x 300</b>	<b>\$1200</b>
<b>Onkyo CD Changer (DX-C390)<sup>10</sup></b>	<b>\$200 x 2</b>	<b>\$400</b>
<b>Sony Surround Sound Receiver<sup>10</sup></b>	<b>\$236 x 2</b>	<b>\$472</b>
<b>NTX in-wall speakers<sup>10</sup></b>	<b>\$110 x 3</b>	<b>\$330</b>
<b>Headphones<sup>10</sup></b>	<b>\$1.49 x 60</b>	<b>\$89.40</b>
<b>Dell Desktop Computers<sup>11</sup></b>	<b>\$699 x 3</b>	<b>\$2097</b>
<b>Sony 32" Televisions<sup>10</sup></b>	<b>\$299 x 12</b>	<b>\$3588</b>
<b>Whirlpool Washer and Dryer<sup>10</sup></b>		<b>\$1299</b>
Supreme 24 Plus Tanning Bed <sup>12</sup>	6 x \$2699	\$16194
Supreme quantity discount (25%)		(\$4048.50)
<b>Total Tanning Bed Cost</b>		<b>\$12145.50</b>
<b>Miscellaneous Aerobic Equipment</b>		<b>\$1500</b>
<b>Miscellaneous Electronic Equipment</b>		<b>\$1000</b>
<b>Miscellaneous Furniture and Fixtures</b>		<b>\$8000</b>
<b>Miscellaneous Pool Chemicals/cleaning supplies</b>		<b>\$5000</b>
<b>Miscellaneous Other</b>		<b>\$5000</b>
<b>Purchase Total</b>		<b>\$121,663.90</b>
<b>Advertising and Promotion</b>		<b>\$3000</b>

## I. Gross Margin

<sup>6</sup> : Cardiovascular equipment purchased from Precor online; see Appendix for more details

<sup>7</sup> : Stationary strength training equipment purchased from Nautilus online; see Appendix for more details

<sup>8</sup> : Free plate loaded equipment purchased from Hammerstrength online; see Appendix from more details

<sup>9</sup> : Towels purchased from Costco online; see Appendix for more details

<sup>10</sup> : Entertainment equipment purchased from Circuit City online; see Appendix for more details

<sup>11</sup> : Dell Computers purchased from Dell online; see Appendix for more details

<sup>12</sup> : Supreme Tanning Beds purchased from Dick's Sporting Goods online; see Appendix for more details

The difference between sales revenue and the cost of sales is \$1,491,800 - \$89,508 which comes out to \$1,402,292 therefore our gross margin is at 94% and remains constant during the first 3 years of operation.

#### **L. Advertising and promotion**

Fitness World will utilize a personalized promotion and selling strategy. In order to reach the primary market, which consists of college and high school students and middle income families, sales representatives, which would consist of our Vice President of Sales and the entire sales management team, will visit the surrounding colleges, advertising the membership benefits and employment opportunities, through the use of multiple interest tables around specific areas on campus. The college promotion strategy would, however, be concentrated primarily during the beginning months per each semester. Another form of advertising that Fitness World will use to reach its primary market is through print advertising, directed especially toward the middle income families and high school students. Brochures will be mailed at least monthly to every Farmville resident including the various student apartment communities. Middle income families and Farmville residents will also be reached through Fitness World's sponsoring of local athletic association sporting teams and events. Ads and flyers depicting the product will be placed around campus and in university news publications in order to reach additional students who may not have been reached with the on campus sales representatives interest tables. The secondary market, which consists of local small and medium sized businesses and retirees, will be reached through different promotional techniques. Business consumers will be reached by corporate trade shows and directly through meetings and individual presentations with sales representatives to support

awareness the facilities advantages and service quality. The use of print advertising will also be used to target these potential future customers. Brochures will be mailed to certain businesses and flyers will be posted around local stores. Fitness World will publish print advertisements in area and business journals and newspapers. Another advertising strategy that will be used to reach the secondary market individuals is through sponsoring local town activities and programs that primarily attract older Farmville residents. After getting the business started, with a defined reputation, Fitness World will tend to rely mostly on “word-of-mouth” advertising to reach additional customers and to help promote Fitness World and in turn increasing sales revenue.

#### **IV. Financial Data**

##### **A. Pro-Forma income projections and cash flow projections**

###### **1. Three year summary**

	<b>Year 1 (2006)</b>	<b>Year 2 (2007)</b>	<b>Year 3 (2008)</b>
<b>Sales</b>	<b>\$1,491,800</b>	<b>\$1,715,570</b>	<b>\$1,972,905</b>
Direct Cost of Sales	\$89,508	\$102,934	\$118,374
<b>Total Cost of Sales</b>	<b>\$89,508</b>	<b>\$102,934</b>	<b>\$118,374</b>
Gross Margin	\$1,402,292	\$1,612,636	\$1,854,531
% of Gross Margin	94.00%	94.00%	94.00%
Expenses:			
Payroll <sup>13</sup>	\$468,000	\$468,000	\$468,000
Marketing Expenses <sup>13</sup>	\$25,000	\$25,000	\$25,000
Depreciation <sup>14</sup>	\$10,000	\$10,000	\$10,000
Insurance <sup>15</sup>	\$14,500	\$14,500	\$14,500
Mortgage <sup>16</sup>	\$572,793	\$572,793	\$572,793
Utilities <sup>17</sup>	\$350,216	\$350,216	\$350,216
<b>Total Operating Expenses</b>	<b>\$1,440,509</b>	<b>\$1,440,509</b>	<b>\$1,440,509</b>
<b>Profit before interest and taxes</b>	<b>\$51,291</b>	<b>\$275,061</b>	<b>\$532,396</b>
Interest Expenses	\$21,852	\$25,062	\$28,348
Taxes Incurred	\$65,695	\$72,265	\$79,491
<b>Net Profit</b>	<b>(\$14,404)</b>	<b>\$202,796</b>	<b>\$452,905</b>

<sup>13</sup> : Marketing expenses estimated from sample business plans online

<sup>14</sup> : Depreciation expenses estimated from sample business plans online

<sup>15</sup> : Estimated from interview via phone with Abby Prosb insurance agent in Farmville, Va

<sup>16</sup> : Mortgage Calculator online

<sup>17</sup> : Utilities expense based on interview with Freedom Center manager Dawn Crosby

## 2. Detail by month, first year

	Jan	Feb	Mar	Apr	May	Jun
<b>Sales</b>	<b>\$61,326</b>	<b>\$72,679</b>	<b>\$83,199</b>	<b>\$96,265</b>	<b>\$109,316</b>	<b>123,316</b>
Direct Cost of Sales	\$7459	\$7459	\$7459	\$7459	\$7459	\$7459
<b>Total Cost of Sales</b>	<b>\$7459</b>	<b>\$7459</b>	<b>\$7459</b>	<b>\$7459</b>	<b>\$7459</b>	<b>\$7459</b>
<b>Expenses:</b>						
Payroll	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Marketing Expenses	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Depreciation	\$833	\$833	\$833	\$833	\$833	\$833
Insurance	\$1,208	\$1,208	\$1,208	\$1,208	\$1,208	\$1,208
Mortgage	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75
Utilities	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66
<b>Total Operating Expenses</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>
<b>Profit before interest and taxes</b>	<b>(\$58,715.41)</b>	<b>(\$47,362.41)</b>	<b>(\$36,842.41)</b>	<b>(\$23,776.41)</b>	<b>(\$10,725.41)</b>	<b>\$3,274.59</b>
Interest Expenses	\$1,821	\$1,821	\$1,821	\$1,821	\$1,821	\$1,821
Taxes Incurred	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58
<b>Net Profit</b>	<b>(\$66,010.99)</b>	<b>(\$54,657.99)</b>	<b>(\$44,137.99)</b>	<b>(\$31,071.99)</b>	<b>(\$18,020.99)</b>	<b>(\$4,020.99)</b>
<b>Expenses:</b>						
Payroll	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Marketing Expenses	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Depreciation	\$833	\$833	\$833	\$833	\$833	\$833
Insurance	\$1,208	\$1,208	\$1,208	\$1,208	\$1,208	\$1,208
Mortgage	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75
Utilities	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66
<b>Total Operating Expenses</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>
<b>Profit before interest and taxes</b>	<b>\$5,274.59</b>	<b>\$16,883.59</b>	<b>\$18,958.59</b>	<b>\$18,966.59</b>	<b>\$19,827.59</b>	<b>\$20,223.59</b>
Interest Expenses	\$1,821	\$1,821	\$1,821	\$1,821	\$1,821	\$1,821
Taxes Incurred	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58
<b>Net Profit</b>	<b>(\$2,020.99)</b>	<b>\$9,588.01</b>	<b>\$11,663.01</b>	<b>\$11,671.01</b>	<b>\$12,532.01</b>	<b>\$12,928.01</b>
<b>Expenses:</b>						
Payroll	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Marketing Expenses	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Depreciation	\$833	\$833	\$833	\$833	\$833	\$833
Insurance	\$1,208	\$1,208	\$1,208	\$1,208	\$1,208	\$1,208
Mortgage	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75	\$47,732.75
Utilities	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66	\$29,184.66
<b>Total Operating Expenses</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>	<b>\$120,041.41</b>
<b>Profit before interest and taxes</b>	<b>\$5,274.59</b>	<b>\$16,883.59</b>	<b>\$18,958.59</b>	<b>\$18,966.59</b>	<b>\$19,827.59</b>	<b>\$20,223.59</b>
Interest Expenses	\$1,821	\$1,821	\$1,821	\$1,821	\$1,821	\$1,821
Taxes Incurred	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58	\$5,474.58
<b>Net Profit</b>	<b>(\$2,020.99)</b>	<b>\$9,588.01</b>	<b>\$11,663.01</b>	<b>\$11,671.01</b>	<b>\$12,532.01</b>	<b>\$12,928.01</b>

### C. Start-up expenses

Fitness World has concluded that all of our start up expenses will include the following.

These are rates that are constructed upon the basis of the owner's research and

investigations. We plan on having a total of \$317,958.95 in total start up expenses with

our initial investment of \$160,000 and a \$200,000 loan from the SBA. We also conclude that our mortgage will be a 30 year note payable of \$9,283,991

<b>Start Up Expenses</b>	
Legal <sup>18</sup>	\$1300
Advertising (brochures, flyers, radio) <sup>19</sup>	\$1800
Insurance <sup>16</sup>	\$14500
Mortgage (monthly) <sup>17</sup>	\$47732.67
Equipment	\$121663.90
Utilities <sup>18</sup>	\$12833.33
Electric <sup>18</sup>	\$10405.41
Water <sup>18</sup>	\$5945.95
Miscellaneous Permits/Licensing, etc	\$2000
SBA guarantee (3%) <sup>20</sup>	\$6000
Mortgage down payment (1%) <sup>17</sup>	\$93777.69
<b>Total Startup expenses</b>	<b>(\$ 317,958.95)</b>
<b>Start up Assets needed</b>	
Cash Balance on Starting Date	\$10000
<b>Total Current Assets</b>	<b>(\$ 10,000)</b>
<b>Initial Investments</b>	
Owner1 initial investment	\$50000
Owner2 initial investment	\$40000
Owner3 initial investment	\$40000
Owner4 initial investment	\$30000
<b>Total initial investment by owners</b>	<b>\$ 160,000</b>
<b>Liabilities</b>	
Long term liabilities (SBA loan) <sup>21</sup>	\$ 200000
Long term mortgage note payable <sup>17</sup>	\$9283991
<b>Total Liabilities</b>	<b>\$ 9,483,991</b>

<sup>18</sup> : Estimated from sample small business plans

<sup>19</sup> : Estimated from sample small business plans

<sup>20</sup> : Small Business Administration online

## **V. Plan for Future Action**

### **A. Strengths**

Fitness World has many strengths through the company and employees. Its founders all have backgrounds in management, commercial fitness, and experience within the industry. Our facility itself is aesthetic in appearance and offers a large variety of services to our potential members in the Farmville area. Currently we will also be the only facility in this area offering the many services in one facility.

### **B. Needed capital**

In order to accommodate our plans for this facility we anticipate a initial investment of \$160,000, a loan from the Small Business Administration, 7A, of the amount of \$200,000 as well as a mortgage of \$9,283,991 at a rate of 4.625%.

### **C. Potential new offerings**

### **D. Corporate partners/personnel requirements**

Ashley Sides, Erin Moore, Robert Dudley, and Stephanie Ulan will all be shared founders of Fitness World. Management and commercial fitness backgrounds in a necessity in running a successful business.

### **E. Exit Strategy**

## VI. Supporting Documents

- [www.freedom-center.com](http://www.freedom-center.com)
- [www.sba.gov](http://www.sba.gov)
- [www.justlisted.com/localpages/virgina/farmville/farvilleprofile.htm](http://www.justlisted.com/localpages/virgina/farmville/farvilleprofile.htm)
- [www.thirdage.com](http://www.thirdage.com)
- [www.precor.com](http://www.precor.com)
- [www.nautulis.com](http://www.nautulis.com)
- [www.nationalgym.com](http://www.nationalgym.com)
- [www.dickssportinggoods.com](http://www.dickssportinggoods.com)
- [www.costco.com](http://www.costco.com)
- [www.homestore.com](http://www.homestore.com)
- [www.buildingjournal.com](http://www.buildingjournal.com)
- personal interview via phone; Abby Prosb insurance agent
- [www.farmvillerealestate.com](http://www.farmvillerealestate.com)
- Virginia department of taxation
- Personal interview with Dawn Crosby via phone; manager of Freedom Center
- Department of treasury internal revenue service (website)
- [www.sony.com](http://www.sony.com)
- [www.techinsurance.com](http://www.techinsurance.com)
- [www.circuitcity.com](http://www.circuitcity.com)
- [www.hammerstrength.com](http://www.hammerstrength.com)
- [www.york.com](http://www.york.com)
- Patton, Robert. *Developing and Managing Health/Fitness Facilities*. Human Connetics books Illinois. (1989)

**Appendix A**  
**Resumes**

**Appendix B**  
**Tax forms**

**Appendix C**  
**Loan applications**

**Appendix D**  
**LLC articles of organization agreement**