

Business Plan - Vasilica Toma

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Business Plan:

Gorilla Gym



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Introduction:

The subject of health and fitness is never long out of the media in our times.

With obesity levels increasing and the NHS straining under the weight of treating related illnesses there is a high demand for gyms and fitness centres. Exercise comes in many forms and most commercial gyms will offer group classes, as well as an area for individual fitness training.

According to the 2017 State of the UK Fitness Industry Report, health clubs and gyms in the UK now generate £4.7bn market revenue with more than 300,000 people joining gyms and health clubs each year.

The rise of the health and fitness chains over the past decade is proof enough that people are willing to dedicate a lot of their time and money on getting in shape. But the smaller more independent gym could offer something a bit more personal, more customer focused and therefore it has a better potential to integrate in a smaller community and focus on to its feedback. Gorilla Gym came in mind as a business opportunity when I realised that is a great demand for such a place in my community, a place with 24/7 access to dedicated functional training areas with boxing, suspension training, artificial grass track where members can get support and recommendations from professional trainers.

I would like to take the risk of starting this plan as a sole trader because in the long run it would be easier to change the legal structure if circumstances change and also, I am more productive and efficient working in a independent manner.

Findings:

Aim and objective of the business:

The key objective of Gorilla Gym which, in my perspective, is going to differentiate my business from the others in my community is 24/7 access. Most people who can afford to use a gym are employed, which means they will want it to be open at the crack of dawn until late at night so they can fit their exercise regime around work hours(Henry Williams, 2020).

Also, as a small and independent gym I will be able to focus more on the customer necessities from every aspect of fitness industry, which, I think will be the unique selling point of my company. The other gyms in my county do not offer this type of service at all or it is something that often gets overlooked.

Another important objective of Gorilla Gym is to start its own merchandise brand. This idea is inspired from the well-known UK brand, Gymshark which in 2020, the company was valued at over £1.4 billion (Katie Imms, Feb. 2020). Gymshark creates and distributes its own range of performance fitness wear for men and women for less than a decade and according to the founder of the company, Ben Francis, Gymshark in 2017 was the UK's fastest growing

company. Gorilla Gym is aiming in the future to implement the same structure, based on the feedback of my customers.

Location of the business:

Location is crucial in this industry as many gym members belong to a facility that is located near where they live. Keeping this in mind, it is important to place my facility in a neighbourhood or part of town that matches the kind of members I hope to attract. For example, I am looking to attract a younger crowd keen on living a fit lifestyle, therefore a facility near a college or a school could increase the rate of success of my business. Besides age, another important demographic to investigate is the general income of the area. Affluent districts often do not hesitate to pay a higher price for a quality gym membership, while less-wealthy regions are more attracted in budget-friendly fitness options. The basic demographic data necessary to decide on the right place for my business can be obtained from my local authority, although there are private companies that can offer far more detailed profile of the local population in return for a fee.

Also, I must reflect on the accessibility factor of the area I am considering for my fitness facility. This means I will need a parking lot with a convenient point of entry and sufficient parking spaces. Many business owners do not consider these factors before they start their venture, but it has a significant impact on their business (Adner R., Kapoor K, 2010, pp. 306–333).

Human Resources:

The employees in such businesses cannot be rapidly hired as the business is functioning on a small scale and giving them salaries will be a difficult task (Crook, T. R., Todd, S. Y., Combs, J. G., Woehr, D. J., & Ketchen, 2011, pp. 443–456). Also, I must be concerned about that if I will be employing staff to work at my gym business then legally, I am required to have the employer's liability insurance. This insurance will protect me for any compensation claims made by my employees for injury or damage that is caused by their work. Therefore, in the beginning of my business I am considering not to employ any staff. However, in time, when the profits increase, I must employ few staff members such as managers, certified personal trainers, group fitness instructors and maintenance personnel, as these roles are beneficial in this industry, especially in the initial years. I will be focusing in hiring the right people at the right time by assessing the business's needs at that moment. Using different human resource strategies, looking primarily at education, skills and work experience, I will recruit employees by creating a detailed job description (Appendix 2), using it on social media advertising and job posting websites, also by preparing well-structured interviews. For example, after first year of running the business, I will have to increase the profits of the company, bringing new fitness packages, which will include personal training and group training packages. Therefore, I will have to employ at least one personal trainer. According to payscale.com the average hourly pay for a fitness instructor in United Kingdom is £8.27/hour. Therefore, I will take in the consideration the same amount. To advertise the job, I will use social media platforms and different related websites. On the interview I will be able to check if the candidate has the right to work in UK. Also, I must be aware if I need to put my

new employee into a workplace pension scheme and I will tell HMRC about the employee on or before their first pay day.

Marketing activities:

Market research has proven to be a vital piece of successful business plans today. It has revolutionized the way companies go to business. Market research helps a business excel by providing help with factors such as advertising, marketing, pricing, market trends, customers, competition, among others. Often research is hidden today in internet forums and in events hosted by companies (McDonald, 2007). Marketing planning starts by thinking of the targeted audience needs, strategies, and the development of the products and or service needed. Developing a marketing strategy will consist of the marketing mix. The marketing mix is “the strategic plan that defines the company’s overall mission and objectives”. (Armstrong & Kotler, 2011).

Market research refers to the process of carrying out extensive research to determine whether goods and services are likely to satisfy customer requirements (Arora & Mahankale, 2013). It is a fundamental step that should be taken by all business because of the benefits that come with it (Beri, 2008).

Nowadays, social media platforms are a great tool for business ventures to advertise and sell their products and services to their audience. Therefore, it would be important for me to explore these opportunities and create a page of Facebook, Instagram or even YouTube, where I can interact directly with people from my area, for free. Another cheap and effective way to do marketing research is by creating a website for my business, where I can get feedback from my clients by posting questionnaires (Appendix 2) and, new useful updates of the business and, the most important, membership packages. Another major source of attracting clients can be done by printing flyers and distributing them locally. Also, another common way of advertising in this industry can be done by creating my own merchandise, printing Gorilla Gym’s emblem on clothing and encourage bodybuilders and staff of the gym to wear them.

Financial resources:

I am planning to start the venture with my savings and, I am considering a bank loan that can help me on the biggining. I will have a personal budget of £50.000 and I will be aiming for another £25.000 loan. Also, the UK government, local authorities and private organisations provide funding and grant opportunities to small businesses across the country. However, sometimes grants are not the right funding route for a new business. After a variety of research, I have learned that some have very specific eligibility requirements, and some use a very time-consuming application process, therefore my aim is to precisely organise each cost, so I can get my business running with the initial budget plan. There are other financial resources where I can introduce, if is going to be needed, such as crowdfunding. Crowdfunding platforms allow me to raise funds from several small contributions from many individual investors, clients or even friends and family.

As the business owner I will be faced with the challenge of developing an elaborate financial plan. The financial plan will cover the cost, product, and sales. Therefore, this financial plan is aiming to audit the certain changes that may appear and is going to help me identify the immediate needs of the business and, more important, what items and products have had a positive impact in the growth of Gorilla Gym. This plan will be done yearly.

The main income of the business in initial years will come from fitness memberships and personal-training packages which will allow me to progress to the next stage – creating personalised merchandise and fitness clothing.

Physical Resources:

When evaluating how much it costs to start a gym, one of the biggest outgoings to consider is the rent and insurance. A very strong liability insurance policy is also a fundamental requirement for every gym. Equipment and strenuous exercise can lead to injuries, and liability insurance insulates the business.

Major fitness equipment brands provide finance and will allow me to lease or buy gym equipment outright. They also provide packaged discounts the more gym equipment you buy, so it is advisable to coordinate my equipment needs and buy in bulk. Typically, a general fitness gym is divided between weight training equipment, cardio equipment and course-driven workouts. The cost of a running machine could be as much as £12,000, perhaps higher and a standard gym might have 15 or 20 of them. Now throw in rowing machines, exercise bikes, dumbbells, lifting machines, and I could be looking at hundreds of thousands of pounds of machinery, at least therefore I need to be wise with your money and possibly shop second hand/refurbished, but still obtain machines that are safe. Some sites sell refurbished machines at far lower prices, so these may be worth investigating. Another important outgoing of my budget will represent the employee's salary.

Strengths and weaknesses

One of the main strengths of Gorilla Gym is 24/7 access, which is a great advantage over the other similar businesses in my area, giving me the opportunity to gather a larger customer base and obtain a secure income even from beginning of my business. Another strength is that it does not require a large employee pool to become a fully functioning business. It can be established with one employee working side by side with the owner and a good marketing strategy.

A significant weakness of my business is the insufficient budget, in initial years, for a variety of upgrades such as spa and sauna, kinesitherapy and pool facilities, which are a great improvement in this field.

The opportunities and the threats of the business

Like other businesses, Gorilla Gym can create its own clothing brand, where it can create a different view of my business in years to come, elevating it to a whole new level.

A significant threat is the vast franchised businesses in this field with a well-established capital and a widely developed marketing research.

Conclusion:

Opening a gym can be tough and the first year of running any small business is a steep learning curve. Most importantly, if I want any chance of succeeding in this industry, I must have a clear idea of what you want to achieve from it. This will also allow me to shape the growth and the future image of my business in relation with the market. The industry is tough and competitive, so I will need to put a lot of time and dedication to sustain a successful gym business.

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https://www.payscale.com/research/UK/Job=Fitness_Instructor/Hourly_Rate - average pay rate in UK for fitness instructor

Appendix 1

Cashflow

MONTH	May	June	July	August	Septemb	October	Novem	December	January	February	March	April	Total
INCOME													
Membership pack.	1000	1625	2000	2125	2250	2325	2300	2375	2375	2175	2500	2450	25525
Loans	25000	0	0	0	0	0	0	0	0	0	0	0	25000
Investments	50000	0	0	0	0	0	0	0	0	0	0	0	50000
TOTAL INCOME	76000	1625	2000	2125	2250	2325	2300	2375	2375	2175	2500	2450	100500
EXPENDITURE													
Wages	0	0	0	0	0	0	200	200	200	200	200	200	1200
Rent	2000	750	750	750	750	750	750	750	750	750	750	750	10250
Bills		300	300	300	300	300	300	300	300	300	300	300	3300
PAYMENTS													
Products	300	0	0	0	50	0	0	100	0	0	0	0	450
Purchases	3000	0	0	0	0	0	0	0	0	0	0	0	3000
Equipment	65000	500	500	500	500	500	0	0	0	0	0	0	67500
Matirials/Inventory	500	0	0	0	0		0	0	0	0	0	0	500
Marketing	1000	50	50	50	50	50	0	0	0	100	0	0	1350
Maintenance	100	0	0	0	0	0	0	0	0	0	0	0	100
Loans Repayment	0	250	250	250	250	250	250	250	250	250	250	250	2750
TOTAL EXPENDITURE	74900	1850	1850	1850	1900	1850	1500	1600	1500	1600	1500	1500	93400
NET CASH FLOW	3600	-225	150	275	350	475	800	775	875	575	1000	950	7100
Opening balance	0	1100	875	1025	1300	1650	2125	2925	3700	4575	5150	6150	0
Closing balance	1100	875	1025	1300	1650	2125	2925	3700	4575	5150	6150	7100	7100

Appendix 2

Job advert

12-hour contract

Finding your fit at Gorilla Gym is what we are all about and we're guessing it's what brought you here!

We are always encouraging people to take the first step and challenge their limits and you would be crazy to miss this opportunity to join our amazing team as a Fitness Trainer. So, what is stopping you? Apply today!

What you need to know about us...

We are not like any other Gym we are GORILLA GYM, a place where everyone can find their fit and be their best. We hire real people with a real passion for fitness and wellbeing, whose positivity and enthusiasm motivate and innovate. Whether you are a pro in the gym or simply a recent enthusiast, it really does not matter as long as you share our values and can be a part of the gym's journey to greatness. Our teams are friendly and engaging and they thrive in an environment where they have the flexibility to be awesome and to continuously develop and improve themselves!

We are proud of our teams and we promise to push them to challenge their limits and celebrate with them when they achieve new goals. They work hard, they deliver results, and they reap the rewards.

We know we talk the talk, but we also walk the walk – because we are such an awesome place to work, we have one of the lowest turnovers of staff in our industry and we all know a happy team makes for a happy...GYM!

So why not make it YOUR gym, YOUR Purpose and OUR Promise!

So, let us tell you what we are looking for...

To enrich our great team, we are looking for a Fitness Trainer, someone who embraces our members, the team, and our culture.

You are perfect for this role if you...

- Have a passion for health, fitness, well-being, and all-round excellence.
- Are a Level 3 qualified Fitness / Personal trainer
- Lead from the front and by example, happy to get stuck in and set the standard for service
- Have an unwavering commitment to understand the expectations of your members and working hard to grow your business
- Can work within the compliance parameters whilst delivering the highest service levels possible during the day to day running of the gym.
- Have a proven track record of success and are eager to bring that winning attitude to Gorilla Gym.
- Have a positive approach to supporting the management team, colleagues, and members
- Are proactive in business development and keen to grow your Personal Training client base.

That is, you right? Thought so.

Now we know you are probably already hitting that APPLY button but if not... here is the juicy bit...the perks...

- Your first month rent FREE!
- No start up fees or annual license fees.
- You get the lowest, most competitive rent rate around. In simple terms – your rent payment is in line with what you receive in gross pay.
- You keep 100% of what you earn from your clients.
- Paid contractual benefits such as holiday (Inc Bank Holidays) and company sick pay
- A top-class PT support package to build and grow you self-employed business
- 'In-house development opportunities as well as support with your career adventure'
- Company save as you earn share plan
- Flexibility & freedom – we welcome discussions around working flexibly at the gym

- Discounts with 'MY PT Hub', 'Fit Pro', 'Financial Fitness' and leading training providers
- Company pension scheme
- A fantastic online social communication and engagement platform with access to amazing benefits and discounts
- Cycle to work scheme
- Season ticket loans
- Employee Assistant Programme supported by our Wellbeing hub
- A top-class PT support package to build and grow your self-employed business
- Cash plan Healthcare Scheme

Appendix 3

Questionnaire

Gorilla Gym Survey

*Required

Gender: *

☐ Male

☐ Female

Age: *

☐ 16 and below

☐ 17-25

☐ 26-35

☐ 36-49

☐ 50-65

☐ 66 and up

What is your general health like?

- ☐ Above Average
- ☐ Average
- ☐ Below Average

Do you go to the gym? *

- ☐ Yes
- ☐ No

Why do you go to the gym? *

- ☐ Lifestyle
- ☐ Rehabilitation
- ☐ Strength Training
- ☐ Weight Loss
- ☐ Improvement
- ☐ Social Environment

How often do you go to the gym? *

- ☐ Less than 1 time per week
- ☐ 1 time per week
- ☐ 2-3 times per week
- ☐ 4-5 times per week
- ☐ 6+ times per week

What time do you normally prefer to attend the gym? *

- ☐ Morning
- ☐ Afternoon
- ☐ Night

How would you describe your physical condition?

- ☐ Fit and active
- ☐ Sound in spirits but bodily tired
- ☐ I tend to tire easily both physically and mentally

How much are you willing to pay for a personal trainer?

- ☐ £0.00 - £15.00 per hour
- ☐ £15.00 - £20.00
- ☐ £20.00 - £25.00
- ☐ £25.00 - £30.00

Do you usually go to the gym alone or with a friend? *

- ☐ With a Friend
- ☐ Alone

How did you find out about the Gorilla Gym?

- ☐ Newspaper
- ☐ Radio Ad
- ☐ Website
- ☐ Location
- ☐ Other

Gorilla Gym Survey questionnaire's link:

https://docs.google.com/forms/d/e/1FAIpQLScNB2tXbTYwxE19vsxNZp8DF2fGp1M5Nkq9EW_GOY1O-chIuA/viewform