

Business Plan

HiFlex Physio

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Executive Summary

HiFlex Physio relies on the proven skills of its founder to take advantage of the growing need for fitness training, personal coaching and other related health enhancement services. Margaret House, who brings more than two decades of personal training and life coaching expertise to the business, leads the company as it was established, as a high quality fitness provider in three capital cities and one major regional centre across Australia. HiFlex Physio initially focused on attendance generated through advertising, tendering for training and general health enhancement. Currently memberships provide the basis of funding and the tenders and casual visits and add-on options of life coaching and health enhancement specialists generate larger profit margins.

Constantly evolving classes and advertising offer an opportunity to work smarter. But the increased opportunity comes at the expense of increased complexity. Substantial market research establishes that personal training coupled with life coaching and natural health enhancement is one of the fastest growing service industries. HiFlex Physio is in a position to capture a significant portion of their local markets in each of their localities, currently Cairns, Brisbane, Sydney and Melbourne. Further, HiFlex Physio is projected to return a profit annually due in large part to the size of the market and the relatively low investment required. 2XX1 year revenue combined from all centres is projected to exceed $2,500,000.00.

HiFlex Physio continues to differentiate itself from its competitors through lower pricing and the continuing development of unique classes, personal training and expanding on the one-stop-shop for health enhancement. The one-stop-shop approach is expected to allow substantial gains in the largest segment of a growing market. This focused approach also makes it easier for HiFlex Physio to establish and retain a position as an industry leader.

Business Background

The company

HiFlex Physio is a dynamic fitness corporation poised to capture substantial market share in one of the fastest growing service industries in the country. HiFlex Physio is a Cairns corporation incorporated in 2001 and wholly owned by Margaret House. A Board of Directors has been established and the Head Office now has a team of General Manager Finance, Human Resources and Marketing, an Executive Assistant and support staff. The Centres have a Centre Manager, Assistant Manager and a team of various sizes composed of experts in health related and fitness disciplines. HiFlex Physio will continue to have its base of operations in Cairns (Fitness Centre and Head Office), Brisbane, Sydney and Melbourne. It is planned to open another Centre in Perth in the next two years. HiFlex Physio intends to expand their number of centres as demand increases. It is envisaged that the investment per centre would be approximately $300,000.

The owner and Chief Executive Officer, Margaret House, has extensive experience as a personal trainer, life coach and manager of fitness centres. In addition, Ms House has approved a marketing strategy that is well suited to building a larger market share. HiFlex Physio now has the potential to gain a reputation for offering quality in health and life enhancement that provides value long after the classes end.

The service

HiFlex Physio was originally created for the sole purpose of providing personal training services in the Cairns area. The popularity has encouraged expansion in the services offered and locations.

The Centres are based in rented facilities located in or near the largest shopping centre in each city. The facilities are easily accessible, have child care, a coffee shop, substantial parking, and are serviced by public transportation. Where appropriate, however, HiFlex Physio will provide training at a customer's facility.

A key selling point to date is the price HiFlex Physio charges for its memberships. Because HiFlex Physio has been able to negotiate favourable leases for facilities and equipment and has relatively low overheads, it is able to offer customers a less costly membership option.

The Holistic Approach

One method that HiFlex Physio uses to distinguish itself from others is through the holistic approach developed by Ms House. The support on specific concerns of clients, focused attention and follow up of staff, interesting and exciting new classes coupled with innovative new concepts were the keys to Bounce's early acceptance. The incorporation of life coaching, remedial massage and other health services increases the use of the Centres and provides convenience for clients.

Key personnel

Margaret House is the owner and Chief Executive Officer of HiFlex Physio. She has significant experience and management skills developed as a centre manager.

Ms House was a remedial therapist and training instructor for eight years before becoming manager of a centre fifteen (15) years ago. She holds a degree in sports physiotherapy, Graduate Diploma in Management and a Trainer Certificate in Life Coaching. In addition to establishing HiFlex Physio, Ms House oversaw the development of a series of comprehensive programs for life coaching. The innovative process of combining personal fitness, maintenance health care and advanced life skill training will be adopted in HiFlex Physio's training programs.

Ms House originally coordinated a staff of five personal instructors and taught a number of these classes. Utilising this education and experience, Ms House now is an asset in her role as Chief Executive Officer.

Because Ms House has a technical background, her staff often consult with her when complex issues arise. This experience has proved to be especially valuable in day-to-day operations.

Marketing Plans

Market analysis

Ms House undertook substantial research prior to establishing HiFlex Physio The focus of this research was on the growth of holistic life management including personal training and fitness and on the geographic markets she planned to serve. The research results were quite encouraging. The holistic health approach, personal training and Life Coaching were at the beginning of a period of great expansion, according to the findings of several respected industry trade journals. Because of the personal transformations desired in personal and business life and the anticipated positive impact of health enhancement on daily life, many individuals and businesses are finding themselves overwhelmed with the possibilities that these new concepts offer both their staff and ultimately their business.

Marketing strategy

Essentially, HiFlex Physio markets itself as offering the same or better quality personal training than its larger competitors, but at a more reasonable price. HiFlex Physio will focus on quality of staff, equipment and Centres, all the while emphasising the 'add-on' benefits of the various other holistic disciplines and motivation offered by its services. Particular focus will be in the corporate sector.

As part of this strategy, HiFlex Physio is advertising in several lifestyle magazines. In particular, Ms House has received reasonable advertising estimates from three of the largest lifestyle industry magazines and in each region, the free lifestyle magazines. On average, for $250 per month, per Centre each of these will run a half-page ad in each weekly or monthly edition depending on frequency of publication. After the initial six-month period, HiFlex Physio is also considering running a full-page ad for $350 per month, per Centre.

The preferred mode of advertising is word-of-mouth. HiFlex Physio hopes to hold information seminars on its services at all the Chamber of Commerce luncheons, service groups and schools within a 30-mile radius of the business. In addition, Ms House has begun writing several articles for a national lifestyle publication and will personally approach Human Resources managers in larger businesses. Research results suggest that this type of marketing initiative can generate a significant amount of business.

HiFlex Physio also intends to continue with the tender processes, approach medical centres and aged care centres to offer special arrangements for their people to improve their mental and physical health through diet, exercise and companionship. This will be heavily subsidised and offered mainly as a community service. She will not rely on a sales force to generate business.

Pricing strategy

HiFlex Physio will charge less for similar services than the other firms because HiFlex Physio has low overhead expenses and fewer employees than the larger firms. Based on a survey of fitness training facilities in the major cities and surrounding suburbs, similar firms charge, on the average, $220 more per person for a twelve month membership.

There are special arrangements and pricing for corporate partners, special interest groups and community initiatives.

Action Plans

Personnel

HiFlex Physio plans to continue to keep wage and salary expenses low. To achieve this objective, HiFlex Physiohas salaried their personal trainers rather than contracting services. The expectation is that when not involved in delivering classes, or consulting with those for whom they are the personal trainers, they will be volunteering their training services to schools, hospitals and other community initiatives to raise the profile of HiFlex Physio.

Fee collection

HiFlex Physio offers reduced cost for full payment options for membership services. Member payments may be made monthly or quarterly at a higher rate than annually and with cash, EFTPOS or credit cards. Payments for casual classes is set at a premium level and other related services are at least standardised with others in the same locality and industry. The payments may also be made with cash, EFTPOS or credit cards. HiFlex Physio will offer deferred monthly billing and a 25% discount to corporate clients with 10 or more employees taking corporate memberships. Since the revenue generated from this client segment is expected to be small, and the risk of non-payment is small, the accounts receivable and bad debt expense should not be a consideration.

Expenses

Rent, salaries and the cost of equipment leases are the largest expenses that HiFlex Physio faces.

Resistance equipment

Following an exhaustive analysis of the financial and other implications of buying, renting, or leasing, HiFlex Physio has decided to lease its equipment. A factor that played a large part in that decision was the likelihood that any purchased equipment may become dated in a relatively short period of time. HiFlex Physiomust have equipment that is at least equal in sophistication to those desired by its customers. The substantial initial cash outlay required to purchase equipment also played a part in the decision to lease or rent.

HiFlex Physio obtained estimates from a number of distributors for the purchase of resistance equipment. The most competitive price that HiFlex Physio found averaged $2,699 per machine. The total purchase price was $46,855 per Centre including GST.

Based on estimates obtained from several leading rental firms, HiFlex Physio could expect to pay approximately $8,450 a month to rent the same equipment.

Finally, in order to lease the equipment, the best price quoted was $33,500 per Centre, which includes all maintenance of the machines. The lease would run for 36 months with interest at an 11% annual rate. The total of the 36 monthly payments would be $113,544. The lease payment of $3,154 per month is more than $5,000 below the monthly rental alternative quoted.

Fitness facilities

HiFlex Physio considered several options regarding the type of service to offer to its clients. Because Ms House does not wish to tie up funds on a long-term basis, the purchase of a training facility was not considered a reasonable option.

HiFlex Physio has negotiated a favourable lease on all properties with the property management firm that manages the centres in which the facilities will be located. The firm has offered HiFlex Physio a three-year lease with a three-year renewal option. The monthly rent is $1,500 for the first year, $1,700 the second year and $1,900 for the third year. During the three-year renewal period, rent will increase by 5% per year. This rental amount includes water, waste removal, and all maintenance costs.

Financial Projections

Based on a survey of 100 Fitness Centres across Australia, it was determined that a Fitness Centre with five full-time staff members can be expected to train 30 new clients every week. Of this number, it is expected that 25% will be repeat customers. That means that HiFlex Physio can expect to generate 120 new clients and continue with 30 previous clients every month.

The percentage breakdown of the number of clients who will select either a single class or the membership option is based on statistics provided in the National Fitness study and a report included in The Journal of Fitness, May 200X, Vol. 12. The findings of both of these reports reflected the fact that individuals who have taken previous memberships are more likely to pursue additional membership to gain even greater proficiency and health benefits. Using these statistics, HiFlex Physio estimates that gross revenue this year from the combined centres will be more than $2,500,000 or over $5000 per centre per month.

The financial goals for each Centre for the coming year are:

- Return on investment of at least 15%
- Increase net earnings by at least 10%
- Achieve a market share of 15% in each area
- Increase sales 5% by June 30 through marketing initiatives
- 10% new memberships

Because the demand for HiFlex Physio services is expected to grow in the current year of operation, gross revenue for the second year is expected to increase to more than $3,000,000.

While these calculations are based on an average of the gross by month, HiFlex Physio, like many businesses in the fitness industry, will be subject to common business cycles. Based on the above mentioned study done by The Journal of Fitness, market research shows that the number of clients participating in training January through March will increase by 10% to 25%. During the months of May through August, the number of clients drops off by approximately 20%.

Fitness firms can expect a 20% to 30% increase in the number of clients during the months of September through November. As with other non-retail businesses though, December sessions usually drop by 25%. One way that HiFlex Physio will try to counter the 'holiday slump' is by increasing tendered classes and those for special interest groups.

HiFlex Physio plans on offering a holistic class in developing and maintaining a healthy weight initiative. The class will also focus on how individuals can make gradual and comfortable but sustainable lifestyle changes. HiFlex Physio will incur little additional expense by offering this new initiative and still generate an additional 3% in revenues every month.

HiFlex Physio is planning for a 15% increase in membership sales in the coming year. For a detailed analysis of the actual monthly budget, review the budgets in the Performance tab for each Centre.

Business Plan

Knowledge Management

HiFlex Physio Information and Knowledge Management System is called HiFlex IT. It is a secure custom designed holistic Information system developed just for HiFlex Physio.

HiFlex IT covers all aspects of the business and collects data for many areas including the business Finance, internal and external Client data base, Stock control and Client membership activity. The client data base includes all internal and external personal details including: name, address, email, contact number, payment and finance arrangements, their fitness goals and personal training sessions including preferred personal trainer, composition, measurements and progress.

This system records all transactions for the business and has the ability to create varied reports. This includes all transactions from memberships, casual visits, the café and the retail shop.
Managers use this system to total the business income each day and stock control. The owner uses this system for payroll, income/expenses and taxation purposes.

Employees use this system to perform sales transactions, create new memberships, access client records and record client results.

The information collected allows HiFlex Physio to track client membership activity, the business finances, stock consumed within the business and securely retain internal and external clients personal information.

HiFlex IT abides by all relevant legislation, regulations, codes of practice and standards for protecting their clients safety and privacy.

The outcomes for HiFlex IT:

Method	Outcome
Review the system bi- annually	1. To provide a simple holistic user-friendly knowledge management system, unique to HiFlex Physio 2. To ensure accurate information and data is recorded in the system
User Logs Surveys	3. To collect information on the performance of the system

Operational Plan

Knowledge Management

Operational plan for HiFlex IT:

Gather Feedback in form of Surveys and User Logs from:

- Clients
- Staff
- External Consultants
- Industry professionals
- Government bodies

Review Information from Surveys and User Logs on the:

- System
- Policy
- Procedure

Plan

- What needs to be done?
- How will it be done?
- Who will do what?
- When does it need to be done?

Take Action

- Steps to implement the planning faze
- Timeframe of each action to be completed

Review Implementation

- Set a review time
- Organise a panel to review the implemented system, policy and procedure / work practices

Business Sustainability

Sustainability Specifications

HiFlex Physio is committed to making a difference in environmental sustainability by reducing their negative environmental footprint. The strategies we will adopt to implement this include consultation with stakeholders, allocating the necessary resources and a commitment to continuous improvement in sustainability approaches. HiFlex Physio recognises sustainability as an opportunity to improve all aspects of the business. We believe that once strategies are in place to address environmental issues; any concerns regarding economic and societal sustainability, will also be improved. HiFlex Physio strives to abide by all environmental and sustainability legislation, regulation, standards and code of practice related to the health and fitness industry.
HiFlex Physio sustainability goals are to:

1. Reduce their negative environmental footprint

2. Abide by all environmental and sustainability legislation, regulation, standards and code of practice related to the health and fitness industry

3. Minimise their resource use, specifically in energy and water

4. Create better resource efficiency

5. Reduce hazardous chemical use

6. Develop and implement life cycle management approaches

7. Continuously improve HiFlex Physio sustainability practices and processes related to environmental economic and societal issues

A sustainability policy and procedures will be developed to address our commitment to sustainability and the goals as outlined herewith. The policy will be focused around addressing sustainability issues through best practice approaches and in line with legislation, regulation, standards and guidelines. This policy will be applied in all HiFlex Physio locations, nationally.