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# THE SMART CLUB OWNER'S GUIDE TO FITNESS CLUB FRANCHISING

IF YOU STOPPED SOMEONE ON THE STREET AND ASKED THEM TO NAME A FRANCHISE, CHANCES ARE GOOD THAT THEY WOULD BE ABLE TO NAME SEVERAL - FAST FOOD RESTAURANTS, GAS STATIONS, LEARNING CENTERS, MOTELS, AND REAL ESTATE COMPANIES ALL OFFER FRANCHISE OPPORTUNITIES. MOST HEALTH CLUB PROFESSIONALS ARE PROBABLY ALREADY AWARE THAT SOME FITNESS CLUBS ALSO OFFER FRANCHISING OPPORTUNITIES - BOTH TO EXISTING CLUB OWNERS AND TO THOSE SEEKING TO START FROM SCRATCH WITH NEW CONSTRUCTION.



## IS FRANCHISING RIGHT FOR YOUR CLUB?

When considering whether or not to open a fitness franchise, there are a few basic things to consider. First, be wary of fly-by-night franchise "opportunities" without a proven track record. Also, consider the level of purchasing power and name recognition that a franchise offers. Many get large discounts on just about everything you need to outfit a club. Also, schedule time to talk to current franchisees before making a commitment. Since they are out in the field running the business, they have a unique perspective on the rewards and challenges to expect. In addition, make sure you completely understand the support systems in place to help you achieve success. For example, it's very important to know



the length of the contract term, what happens when it's up, what type of advertising assistance and/or reimbursement you will get, and what training you will receive (both initial and ongoing). All of this information, and a complete breakdown of fees, should be included in the company's Franchise Disclosure Document, which is required to be given to all prospective franchisees in the United States.

One thing is certain - whether you're a veteran who has owned and operated independently for years, or a recent addition to the health and fitness industry, it's good to know your options. And when it comes to fitness club franchising there are many. Here, we've researched some of the possibilities in an attempt to explain, categorize and decipher a handful of the club franchises available today, in order to give you an idea of what you can expect to find in fitness club franchises.

## MULTI-PURPOSE HEALTH & FITNESS FRANCHISES

What fitness club members are looking for is always changing, and varies depending on the target market. In order to reach club goers who are interested in having a multi-faceted fitness experience, you may want to consider opening a fitness franchise that strives to offer members a variety of programs, equipment, as well as amenities like tanning, juice bars, daycare and pools.

With 675 clubs now operating worldwide, there's no doubt that the Gold's Gym franchise has evolved over the last 43 years. Today, Gold's offers the latest in equipment, programs and amenities, and understands that this type of variety in a club can add value for members and franchisees. Benefits include excellent name recognition, marketing support, training, and purchasing power. "We often talk about the value



managers' workshop every month, which franchisees can attend. Most importantly, "We need [franchisees] to commit to our concept and stick to our playbook," says President Ben Midgley. Cost ranges from \$500,000 to \$1.2 million, with lease and construction costs being key variables.

Another unique opportunity for those interested in opening a multi-purpose fitness club franchise lies in the Powerhouse Gym licensing option. A license is similar to a franchise, but is typically less expensive, and gives franchisees the rights to use the Powerhouse trademarks on a fitness facility. This allows club owners to have more control over the look and design of each facility. According to Henry Dabish, CEO of Powerhouse Gyms International, the company currently has many different successful models, ranging in size from 5,000 to 63,000 square feet, with 340 licenses sold in 39 states and 18 countries. Brand recognition, autonomy, educational opportunities, and access to a network of club owners, vendors and media contacts are some incentives that make Powerhouse Gym attractive to franchisees. Cost for licensing consists of a \$16,000 one time fee, and \$600 per month. Start up fees can range from \$175,000 to \$1.2 million depending on the lease, club size, and amenities offered.

## 24-HOUR MULTI-PURPOSE HEALTH AND FITNESS FRANCHISES

A unique twist on more traditional multi-purpose fitness franchises can be found in 24-Hour fitness franchises that focus on offering members the ultimate in convenience by allowing them to work out 24/7, using a personal key card to gain access to the club. This cuts down on staffing costs for franchisees, and allows for easier billing and tracking of who comes and goes.

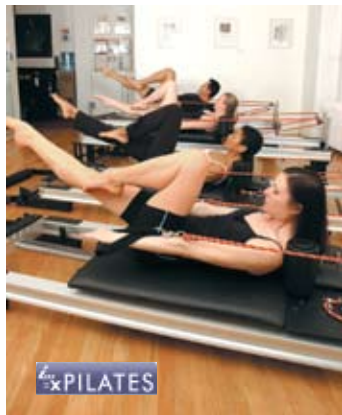
Anytime Fitness (also our featured cover story in this issue) has been around since 2002, and will open 1000 locations by year's end, with an additional 600 scheduled for 2009. Clubs are outfitted with the essentials of a great workout, and franchisees can stay current on the



of being in business *for* yourself, not *by* yourself," says Keith Albright, the Senior Vice President of Marketing. With an average initial investment of around \$2-3 million, Gold's can provide a world recognized brand and comprehensive option for franchisees.

If you're interested in a franchise that provides members with a multi-purpose facility that has a slightly different take on things, you may want to consider Planet Fitness. They focus on cultivating a friendly atmosphere through a "judgement free zone" philosophy and low rates, so franchisees can attract members who may otherwise be discouraged from joining a club. Planet Fitness has opened 230 clubs across the U.S. since 1992, and has 320 more in the planning stage. Like all franchises, Planet Fitness offers a complete business plan that has already been tested in the market. Their built-in support structure includes orientation, pre-sale, and operations training, and they hold a





latest technology due to excellent vendor relations. They also offer private showers, personal training, and 24-hour tanning at many clubs. According to Mark and Jane Frazier, owners of four Anytime Fitness locations in Iowa and Florida, "They offer [franchisees] wonderful training and home office support every step of the way." The cost to become a franchisee ranges from \$41,000 to \$293,000 for a standard size club, and from \$30,000 to \$217,000 for their smaller, Anytime Fitness Express club.

Snap Fitness plans to have over 1,600 locations open across the U.S. and Canada by the end of the year - not bad for a company that was founded in 2004. In addition to convenience, Snap offers other perks, including online printable training programs, meal planning, and personalized health coaching - all geared to help franchisees by strengthening the connection with members and improve retention. "We are constantly working on new ways to improve the support we offer our franchisees by researching and negotiating new national partnerships, growing membership, and improving operations," says Patrick Strait, Marketing Communications manager for the company. The cost to become a Snap Fitness franchisee ranges from \$70,000 to \$242,000, which includes their initial franchise fee of \$15,000.

## SPECIALTY FITNESS FRANCHISES

Some fitness franchises have gone in another direction by offering very targeted programs that are geared toward a specific demographic. These franchises focus on offering valuable services to a niche market.

The Lady of America Franchise Corporation has over 300 locations operating in the U.S. alone, and specializes in women's fitness. According to Gerry Weber, President and CEO, "Franchisees have the opportunity to support women by providing a safe, comfortable, nurturing, and fun environment." Franchisees get training through Health Club University, and can choose from a several club concepts. Successful franchisees tend to use the tools and resources available, including the company's specific profit generating programs, to take advantage of this unique business model. The Lady of America franchise fee is \$30,000.

Specialty franchises like IM=X Pilates offer club owners the ability to support revenue growth by integrating a specific type of workout into their business. IM=X opened their first franchise in 2005, and offers a turn-key Express pilates studio that only requires up to 1000 square feet of space. Their certification program trains current staff members to become pilates instructors, which can take the headache out of finding (and paying) qualified instructors. Clubs also receive marketing support, operational support, and free and discounted equipment. To be successful, CEO & Founder Elyse McNergney says, "Follow the support systems - certifications, the apprentice program, equipment, operations, communication and the Master Trainer program - and you will have an edge in your market." The franchise fee for a 1000 square foot IM=X Pilates Express Studio is \$18,000, while a larger Full Studio (over 1000 square feet) is \$24,000. Royalty payments are 6% of revenue.

It's no secret that personal training is a popular way for many people to get in shape, so the Fitness Together franchise has made the one-on-one personal training studio a viable option for franchisees. With almost 600 franchises sold internationally since 1985, and over 400 now open, Fitness Together caters to upscale clients by providing high quality, individualized training in a posh environment. According to Steve Mills, studio owner and Area Director for Wisconsin and Illinois, this targeted dedication to the personal training niche, combined with over 20 years of experience, helps them stand out from the competition. The support systems for franchisees include personal project coordinators, ongoing education and in-house training. Franchise costs range from \$175,000 to \$203,000.

## SPORTS TRAINING FRANCHISES

Some franchises cater specifically to athletes, focusing on overall sports performance enhancement, developing programs to make players faster, stronger, and more confident. Not just for professionals, these training centers help athletes of any age reach their goals, and can provide the right franchisee with an opportunity to capitalize on a specialized industry.

Since 1992, Bill Parisi, Founder & CEO of the Parisi Speed School, has been sharing his system with athletes of all ages and economic backgrounds to improve their game. Today, his concept can be implemented inside of existing health clubs as a franchise opportunity, with over 30 locations across the U.S. According to Parisi, "To be successful as a franchisee, it takes a love and passion to empower kids, along with great communication and a personal trainer or owner who understands the business of sports performance." Parisi Speed School franchisee services include interactive online learning, marketing resources, ongoing education, on-site train-





ing, and web design. The franchise fee is \$29,000.

CATZ Sports began by training athletes, but today also counts sports-centric parents and their children among their clients. Since 2004, CATZ has sold 34 franchises, with 12 facilities currently in operation. "For top athletes, we can make them fitter, faster, and stronger while reducing their risk of injury. For young athletes, we encourage them to embrace fitness and make it a lifelong habit. For adults, we provide the opportunity to feel like an athlete again," says Co-CEO Michael Sapers. CATZ franchisee program includes marketing support, equipment discounts, operations training, and continuing education. Opening a CATZ facility requires a capital investment of \$275,000 to \$375,000, with construction costs being the key variable.

Since 2003, Velocity Sports Performance centers have opened 67 locations across the country, and have focused on helping athletes improve performance and realize their dreams. From a franchisee's perspective, being affiliated

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with Nike, SPARQ, and Gatorade doesn't hurt either. The performance centers are primarily stand alone facilities, and offer a curriculum developed in part by Loren Seagrave. Support for franchisees includes initial and ongoing training, a franchise coach and marketing support. The franchise fee is \$54,000, and the total investment required to get a center up and running ranges between \$555,000 to \$1.5 million.

### WHAT IF YOU WANT OUT?

It's a question no one likes to ask, but what if, before the term of your franchise contract is up, you decide that the whole franchise gig just isn't for you? The answer varies greatly from one company to the next, and should always be explained in the Franchise Disclosure Document. Selling, incurring penalties, transfer fees and partial reimbursement are some of the exit strategies we found. More important than how to get out is making sure you really want to get in. Most of the companies we interviewed did not have many (or in some cases any) franchisees who left the industry. They really try to make sure the franchisee is committed before they enter into an agreement.

It's obvious that the options are virtually endless when it comes to fitness club franchises. It seems safe to assume that if you can imagine it, someone has done it - and if not, maybe you should! With this, as with any business venture, make sure you do your homework, read the fine print, do the math, and perhaps most importantly, make sure it's a business model that you can commit to - *before signing on the dotted line.* - CS



### RESOURCES:

Anytime Fitness  
[www.anytimefitness.com](http://www.anytimefitness.com)

CATZ Sports  
[www.catzsports.com](http://www.catzsports.com)

Club 50 Fitness Centers  
[www.club50fitness.com](http://www.club50fitness.com)

Elements for Women  
[www.elementsforwomen.com](http://www.elementsforwomen.com)

Fitness Together  
[www.fitnessstogether.com](http://www.fitnessstogether.com)

Gold's Gym  
[www.goldsgym.com](http://www.goldsgym.com)

IM=X Pilates  
[www.xercise.com](http://www.xercise.com)

Kidokinetics  
[www.kidokinetics.com](http://www.kidokinetics.com)

Lady of America  
[www.ladyofamerica.com](http://www.ladyofamerica.com)

Parisi Speed School  
[www.parisischool.com](http://www.parisischool.com)

Personal Training Professionals  
[www.ptpfranchise.com](http://www.ptpfranchise.com)

Planet Fitness  
[www.planetfitness.com](http://www.planetfitness.com)

Powerhouse Gym  
[www.powerhousegym.com](http://www.powerhousegym.com)

Snap Fitness  
[www.snapfitness.com](http://www.snapfitness.com)

Team Spirit Fitness Centers  
[www.teamspiritfitnesscenters.com](http://www.teamspiritfitnesscenters.com)

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