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12.1. Executive Summary

1.1 The Concept

The concept is very simple. The idea is to set up and run a boxing gym in Wearside. The focus of the gym is to provide extensive training and development facilities for everyone but will be geared mainly towards, amateur boxers. The reason for this is that there are not many facilities for providing training that offer these services for boxers. Boxing is a very popular sport in the North East and there are regular amateur boxing events which attract a lot of local and national interest. Therefore the idea of a local gym which offers these training facilities for the locals and is also run by a local man, is an excellent one. In addition to this, this will have a charitable/community element as it will aim to give some of the residents an aim and an activity to keep them off the streets and doing something worthwhile.

1.2 Our Products and Services

As mentioned in the previous section, this gym will provide gym and specialised boxing training facilities. In addition to offering the equipment to train, there will also be nutritional advice and guidance as well for the clients using the gym. In addition this, there will be healthy refreshments provided for the users of the gym.

1.3 Target Market

Our target market will be young men and women aged from 15 years onwards as they will be the main clients of the gym. Although there will be facilities for the general public to use in terms of keeping fit, the main focus will be the young people of the Wearside, Washington and the Durham area.

1.4 The Changing Environment

- In recent years, personal health has been at the forefront of many government initiatives due to the growing concern about the decreasing fitness of the British people. It is estimated that about a quarter of the population is obese, compared to just 13% in 1993. In addition to this, the number of people having obesity surgery has risen by 40%.¹ Thus there is a genuine need for the services that the gym will provide.
- The introduction of Healthy Living Centres which provide guidance about diet and welfare and the exercise referral scheme which means that GPs can refer patients to an appropriate qualified fitness expert.
- The establishing of the Register of Exercise Professionals whose main aim is to assure the competence and the ability of the trainers and making sure that they are able to provide the services required for their clients.

1 <http://news.bbc.co.uk/1/hi/health/7909865.stm> - accessed 11th March 2009.-

- Increased awareness of the consumer of the need for healthier lifestyle is an important factor. Furthermore, personal trainers were seen as only for the rich and famous but they are becoming more common place and accessible.

1.5 Objectives

- To establish contact with the owners of the proposed site and decide the level of rent
- Obtain any relevant planning permission and certification
- Refurbish the site to high standards
- Provide first rate facilities for fitness and boxing training
- Recruit and maintain a strong membership
- Determine the and levels of membership
- Carry out a strong marketing campaign by handing out flyers, by listing in the yellow pages, by leaving information in youth clubs and leisure centres.

1.6 Mission and goals

To provide our clients with the best in boxing training – physical, dietary and psychological and to offer them a place where they can learn not only about the sport but also to give them, through the training attain a level of discipline and self control, skills which they can carry with them.

1.7 Keys to Success

- A sound business plan and strong budgetary controls
- Set up a safe, clean, modern and unique gym with top of the range facilities (and eventually staff)
- A strong marketing plan and recruitment drive to gain and retain clients
- Happy customers that want to use the facilities over and over again

2. Business Outline

Although this is a new venture, David Christie's Gym will be seeking to provide something not just for sporting enthusiasts (boxers being the main focus here) but something that the wider community can enjoy also. If this is successful, then further expansion may be considered, perhaps something for younger children and perhaps for parents who have some spare time on their hands. Furthermore, a café may be added so that relatives of those inside can wait in comfort and have something substantial and healthy to eat and drink.

Initially, the gym will be located just outside of Sunderland City Centre just off one of the main roads which lead in and out of the town thus being ideally placed for commuters from Durham, Middlesbrough and the suburbs.

2.1 What is needed –Startup Funds

There is a proposed site and building which will house the facility. The objective is to secure it on a mid to long term lease from the current owners of the site. Negotiations are at a preliminary stage but there is hope that something will be agreed in the next few months. The startup costs are listed in the table below and are quite substantial. Hence, the aim is to secure funding from the council as well as from other support organisations such as Business Link (www.businesslinknortheast.co.uk). Some research has been done and there are a few options that are available. The 'support packages' are listed below. Funding is needed for the refurbishment of the building, equipment, installation of an office area and/or reception, computer and signage at the front. In addition to this, funds will be used to pay the rent, insurance and other appropriate taxes on the building. These costs will be summarised in the table below.

Table 2.1

Name of the Fund	Overview	Eligibility
Enterprise Finance Guarantee	This is aimed at viable small to medium sized businesses that lack sufficient collateral on which to secure a loan. They have access to finance by providing a government guarantee of up to 75 per cent to the lender. Loans up to £250,000 can be guaranteed, with terms of between two and ten years. Annual turnover = <£5.6 million.	This business is eligible because: It is a viable business proposition It has a turnover of less than £5.6 million It is a new but small business.
Prince's Trust Grant	Helps unemployed/underemployed 18-30 year olds start their own business. The amount available is discretionary and depends on the location of the business. Applicants must show viable business proposition.	Will depend on whether other sources of funding have been exhausted Mr Christie is under 30 years old This is a viable business idea.
Business Marketing Grant	To help with promotion campaign e.g. the design and print of brochures, flyers and other materials. Up to 50% of the total cost is paid	To be eligible, the premises must be in Sunderland and the business must have 50 employees or less.

2.2 Contact Details

Name: David Christie's Gym (RockySolid)

Contacts: Mr David Christie

Telephone Number: David Christie #####

E-mail Address: #####

Legal Status: Sole Trader

2.3 Management and Expertise

- David Christie has a strong background in personal training and has successfully trained several amateur boxers. In addition to this, having worked for some time in the building trade (in order to save some money), he will also use this knowledge during the refurbishment of the proposed building that will house the facility.
- Ngozi Nwabineli has extensive experience in running setting up and running new business ventures and projects as well as proven administrative and customer service skills. She will be providing support and advice to David during the creation of this business.

3. The Idea in Detail

3.1 The Plan

With substantial funding and with the relevant agreements in place (planning permission as well as personal training certification), the idea is to establish a gym in Sunderland. The gym as well as providing equipment and facilities for the general public to use, will be aimed primarily at training amateur boxers. In addition to providing modern equipment and one to one, bespoke tuition, there will also be dietary advice as well as emotional support whenever the customer needs it.

In this project, the gym will work together not just with the community but with the council so, as well as being somewhere first class resources are at the customer's disposal, but where young men (and women) are sent to learn. This gym is not only about boxing, but teaching young people about fitness and self-discipline to make sure that they get the best out of the facilities that we provide.

3.2 How We Plan To Do It – Client Acquisition

The key to any successful business operation is gaining (and retaining) new customers and building strong relationships with them. This is no different. The plan is to use a wide variety of methods to gain and expand our potential client base.

- **Flyers** – these will be printed off and put through people's doors. Although it is not easy to tell which families have young people, it is hoped that even if they do not, they will know people who would be interested in joining the gym. In addition to this, they will be placed in youth clubs, be handed out in shopping centre as well as to friends. Through this, it is hoped that the word would spread quickly throughout the community as it is quite a tight-knit one.
- **Buzz marketing** – one idea that has been considered is having an opening night party with a 'Rocky theme' in order to show off the gym and the facilities it offers. Furthermore, there may be a promotion of sorts (a competition) which people can enter on signing up to the gym. This will not be done in a pressurised way but in a relaxed environment.

3.3 How we plan to do it – Client Retention

It is not enough just to get people's attention. One of the key things that must be done is to build on and maintain a strong customer relationship. We aim to do this by having a monthly membership program in place. It is not always easy to do this, but once trust and loyalty is gained, then it is done for the long-term. We will aim to have different types of membership in place depending on what the client needs. It is essential that the gym is flexible to cater for the differing requirements of its clientele.

- **Drop-in** – people sometimes do not want to commit to one gym. This can be for several reasons. It is possible, that they may not have regular funds to sustain a monthly membership and may only be able to come in occasionally or that their regular gym does not have some of the facilities that this gym has to offer. Although we are open to everyone, we would be looking to establish more regular customers so that we have steady cashflow coming in every month.

- **Short-term memberships** – In the current financial climate, people are looking for flexibility in many areas of their lives from shopping to paying bills. Although they are looking to budget, they do not want to have to cut out those things they enjoy completely. Thus, in this context, we will aim to offer a ‘rolling’ monthly membership contract. Payment can be by normal means (card, cash, cheque) or by direct debit. If they want to cancel, the gym would require 30 days notice and then the direct debit can be stopped.
- **Mid term memberships** – these are from three to six months. These are payable by direct debit only. This is because, as they are slightly longer than the monthly memberships, more money is at stake and the risks associated with non payment are higher.
- **Long term memberships** – the duration of these is six to twelve months. These again are payable by direct debit. There will be a cancellation term applicable. This will be around 28 -30 days.

4. Marketing and Promotion

4.1 Marketing Analysis Summary – The Trend

With fewer people going to the gym (partly due to lifestyle choices and mostly due to the economic downturn), it is essential that this is marketed correctly. With the North East seeing a drop of almost 8 percent in gym attendance (and that is despite joining fees falling heavily), people are looking for alternative ways to keep fit. Gyms have been described as “sterile” with their focus being on “image rather than health.” (*Times Online article, 2008*) However, this gym is looking to buck that trend of providing run-of-the-mill facilities. In addition to the training and equipment contained in the gym, there will also be provision for members who are training for an event to use the natural surroundings as well. There are 2 parks within walking distance from the gym and these will be used (when one-on-one training is being done) as part of the regime. This will, reduce boredom and, hopefully, increase motivation.

This gym will be run and operated by Mr David Christie with the help of one or two assistants (this depends on the level of funding that is received). As stated in previous sections, Mr Christie has a strong background in personal training as well as having experience of training amateur boxers. Although there are gyms in Sunderland and the Northeast as a whole, there are very few gyms dedicated mainly to boxing and none in Sunderland or the Wearside area. Therefore, we believe that there is a market for this type of facility has a place here.

It is worth noting that gym attendance is quite seasonal. For example, just after Christmas in January and February, more people tend to go to the gym on a regular basis in order to get back to their fitness levels pre-festive season. Following this time, there is usually a steadying off as less people attend the gym only for numbers to increase between May and July as people want to look good for their summer holidays. During July, August and September, this will tail off and drop slightly as people go on vacation, sometimes out of the country and the numbers can be much reduced in end of October till December as people prepare for Christmas. So when preparing a marketing plan, it is essential to take this seasonality into consideration.

4.2 SWOT Analysis

The following SWOT analysis will illustrate the strength of our proposal and weaknesses of our proposal as well as any threats and opportunities.

Table 4.2

Strengths	Weaknesses
<ul style="list-style-type: none">• Strong local connection• Very experienced• Genuine need for this in the community• Good tradition of boxing in the North East• Good location with property available at reasonable prices	<ul style="list-style-type: none">• Possible issues with the proposed property• There are some gyms in the area that provide some facilities for this• People might not be motivated to go to the gym especially one that is yet to be established

<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> • Opportunity to expand and provide a more charitable element • Possible increase in facilities to cater for other sports • With the possibility of women boxing in the 2012 Olympics, the facilities are there for any women in the North East to train • Adding a youth club facility to the gym 	<ul style="list-style-type: none"> • It is not guaranteed that people will have the funds to use the gym • With the 2012 Olympics approaching, it is possible that more established gyms may try and increase their facilities and knowhow in order to get any potential clients

The main thing that needs to be monitored here is the level of competition that the gym will have in relation to gaining (and maintaining) new clients. As has been mentioned, there are some gym and fitness facilities in the region and in Wearside but none that are mainly dedicated to providing facilities that we are offering. The youth clubs and charities such as the YMCA are also looking to get young people involved in sporting activities. They have an advantage in that they are more established and may have more resources to hand. Nevertheless, the location, the experience of Mr Christie and the more ‘grass roots’ but modern feel of the gym will stand David Christie’s Gym (RockySolid) in good stead.

4.3 Marketing Strategy and Objectives

Our main objective is to promote this venture not only to potential investors but also to the clients we are looking to attract. We are aiming to be the first dedicated training gym in Wearside and build on a rich boxing and sporting tradition.

As already stated although there are more established gyms in the Tyne and Wear area, there are very few that are dedicated mainly to providing training for amateur boxing (and in the future expanding to other sporting activities) and even fewer who have a genuine community, ‘grass roots’ feel to them. This is what will give David Christie’s Gym (RockySolid) a slight edge. There are already interested parties waiting for something like this to be opened and the demand for somewhere to train for upcoming events is very strong. Thus, cashflow may be small at first but it will be steady. As soon as we have an established clientele and the word spreads about the gym, revenue should increase.

4.3.1 Marketing Strategy

We do not believe that television advertising will be effective here not will be cost effective when promoting the gym. The business plan will be available should anyone require information about the project and it is a key marketing tool but there are other methods that we will be using to increase awareness of the gym.

One of the ways that we will look to market the gym is by using the contacts that we already have. As stated in the previous paragraph, there are already people interested in joining the gym as soon as it opens. Therefore, they will be very quick to spread the word. Word-of-mouth is a crucial (as well as free) marketing tool and one we will seek to capitalise on. These people will know that we can provide not only the best product but an excellent service.

We will ‘back up’ the word of mouth marketing with print advertising mainly through flyers and leaflets that we can either hand to people to post through people’s doors. Furthermore, we will leave some in places of interest i.e. where young people tend to go. Places such as youth clubs would be a great place to start. We may try and get some advertising in the local papers. However, because they are free papers it

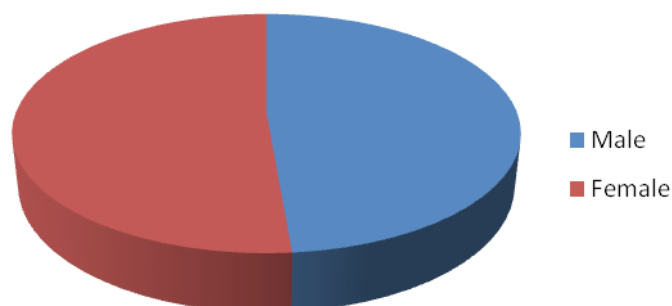
may be difficult to get a competitive rate as advertising is main method making money. If the advertising costs are too much, then we may print the flyers and ask the newspaper if we can include it so that when people get their paper, they also get the flyer. The main danger with this is that people may not read it. We will have to overcome this by making the flyer and the facilities being advertised as attractive possible so that it catches the attention of the readers.

4.4 Target Market Segmentation

According to a census taken in 2001, Sunderland has a population of around 280,000 people² (breakdown by ethnic minority – 98% white, 1% are Asian, 0.4% are mixed race, 0.3% are Chinese and other ethnic groups and 1% are black). Just over half of the population is female which potentially could pose a problem when setting out the marketing plan as boxers (who are our main target market) tend to be male. Having said this, the increasing popularity of the sport among women³ should enable the client base to grow at a steady rate. Thus it is important to make sure that when marketing and promoting the gym, that women are made to feel welcome.

In the future, the gym will look to become more family-orientated so that families of the boxers can come and watch and bring their siblings along. There will be a café area, a play area for younger children so that they can come and see how their (sporting) relatives are doing and whether or not they can be involved. As the gym facilities and staff grow, there will be classes for much older and much younger children. An important point to make here, is that the gym is not only designed as a place to train and improve fitness, it is also hoped that through the medium of boxing (and other sports) training, that other important attributes will also be developed such as discipline, a strong work ethic, determination and increased self-esteem. This is key, not just for the very young but for the more mature clientele who, later on, will become a part of the gym.

Figure 4.4



In addition to this, the age group being aimed for (mainly 16-30) are fewer than those that are aged from 35-50. The objective in the future, is to attract a wide clientele with a wide range of fitness and health needs. However, the original plan for the gym is to, first and foremost, catch the attention of and be used

2 <http://www.sunderland.gov.uk/public/editable/Themes/TheCity/Key-Statistics-Environment/census-intro.asp>

3 <http://news.bbc.co.uk/sport2/hi/olympics/boxing/7567808.stm>- accessed 01/04/2009

by young amateur boxers aged 16 and over.

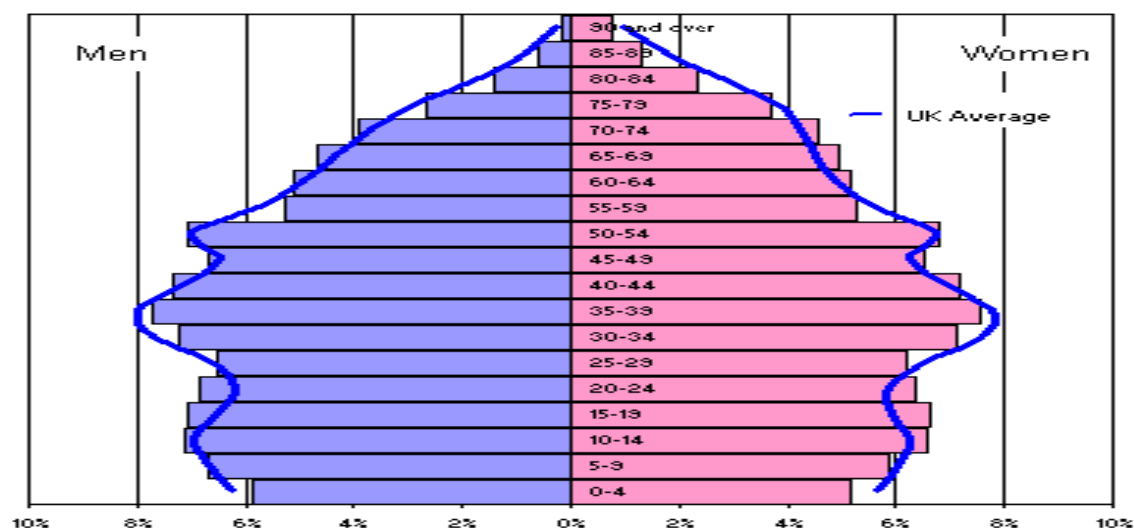


Figure 4.5

Furthermore, we have to take into consideration another key issue and that is the physical condition of the people that live in the Sunderland area.⁴ Just over a third (36 percent) either has long-term health problems or whose general health is described as “not good.”

Nevertheless the 53% of the people work and therefore have the income to be able to afford any fees payable to the gym and in addition to this, over 30 percent of the population is single. This could mean that with fewer financial responsibilities, they may be able to afford coming to the gym several times a week.

4.5 Target Market

The target market will be divided into four subgroups who will all be living in and around Wearside. Although the gym will be available for the people of the North East, our primary goal is to attract people from the local area. Young men (and perhaps women) want to train in a professional and modern environment as well as build up their fitness, their parents want to ensure that they are learning not just how to box but are being taught self-control, motivation and self-respect. Whilst we will do all we can to attract as many people from the community spectrum as possible, the aim is to target families with average and above income. If we target solely lower income families, then the business will fail due to insufficient cashflow. The following sections will explain target market breakdown in more detail.

4.5.1 Young Adult Men aged 15-25

These are our primary target market. Despite the growing popularity of the sport amongst women, young adult males make up the bulk of the amateur boxing world. This is also the age where, although they may have natural talent, it needs to be developed along with other personal traits such as self-discipline so that they can become the best that they can be. In addition to this, their youth and vitality tend to be at their peak at about this age and thus would not be too put off by the level of training involved. It is important to note that everyone is different so the training would take that into account each programme would be developed after an initial health questionnaire and test was taken.

⁴ This also includes Washington and Houghton-le-Spring

4.5.2 Young Women aged 15-25

In addition to the boxing, there will be some equipment for general fitness. Having said this, with the initial and underlying focus of the gym being to provide training for amateur boxers, we would also like to offer this to women as well. With over 500 registered female boxers in the United Kingdom (10 times the number that there was 3 years ago)⁵, this may be an area for the gym to really exploit especially with the 2012 Olympic coming up. This may mean having female instructors and/or a separate area for them to train. With talent and their natural youthful energy, they would be trained and develop not only their fitness but confidence and self-esteem which is needed in every aspect of their lives.

4.5.3 Adult Men aged 26-50

This age range represents the largest section of the population within the Wearside area. Hence it is very important that they form a part of our client base. If we succeed, many of them would have trained and built a relationship with the gym and the staff and when they cannot box any more, the possibility is for them to train others that are coming through. The gym and the staff would, when the time comes, and as demand increases (and if they wish to), give them the opportunity to receive the appropriate training to become certified (this would mean forging links with the local colleges, universities, training centres and even job centres) which is not only good for the individual but for the community as well.

The gym may offer classes that are physically less demanding for those who are getting slightly older so they can continue to improve their fitness without putting themselves at risk. This is something that will be developed in the future.

4.5.4 Adult Women aged 26-50

Despite women slightly outnumbering men in Wearside, it is not known whether they may continue after they stop boxing. If they want to continue boxing or would like to train others, then the opportunity will be there for them to learn just as the men will. Again there may be other less demanding classes available for them, but this will not be the case when the gym first opens.

4.6 The Needs of our Target Market

As stated before, marketing without focus will achieve little and in order to further focus the marketing campaign, it is crucial to understand what they are looking for at the gym.

- **Young people aged less than 15** – although the campaign is not aimed primarily at them, it does not exclude them either. Through this, they will reap the benefits of having exercise, having fun as well as meeting new people.
- **Young adults aged 15-25** – In addition to having exercise (and in most cases, training for a sport that they love), they will also develop excellent self-control and increased concentration.
- **Adults aged 25-35** – The benefits of the training for them are increased fitness (including weight control), having fun with their children and having reduced levels of stress.

5 http://www.bbc.co.uk/leeds/content/articles/2008/09/05/your_stories_nicola_adams_feature.shtml

- **Adults aged 35 and over** – The classes/training will enable them to become more sociable and more confident. Combined with the positive effects of exercise, this will prove very good for the whole family.

4.7 Recipe for success – issues to consider

The success of the marketing strategy rests on several key factors. They are as follows:

- Being realistic (but not pessimistic) in what can be achieved
- Making sure that the correct demographic have been identified and targeted
- Ensuring that the gym has the best facilities and staff. There is nothing worse than something has been the subject of positive and aggressive marketing only for it to disappoint.
- Having a strong marketing plan and tight budgetary controls.

4.8 Our Approach

The most important thing to consider and aim for here is to demonstrate that we are this gym has provides the best training facilities for amateur boxers as well as those who may not want to box but who wish to use the training techniques to improve their overall fitness. The marketing strategy will focus on raising awareness of what is on offer as well as establishing a long-term, strong and loyal client base. As stated, televised advertising would be ineffective in promoting the business. We aim to utilise the local press to advertise the gym – whether it is by putting an advertisement in the paper or putting the flyer in. In addition to this, a listing in the Yellow Pages or Thomson Directory will also be included to increase awareness. The more direct approach will be employed. Leaflets and brochures will be given to people and put through doors and an open day will also be organised to let people not only see the facilities but also be able to see them in action. During the open day, flyers will also be handed out. Furthermore, there may be an incentive program put in place to encourage people to visit the gym as well as cementing existing relationships. There is a possibility forge links with schools, youth clubs and even non-profit organisations so that we can help each other promote not just the gym but the benefits of being healthy. We believe that cultivating close relationships with our clients is one of the key foundations on which a successful business is built.

In time, we will also consider the use of fairs the future to reach bigger audiences. There are websites which contacts businesses about suitable exhibitions and fairs which we are subscribed to. It is not going be the main focus. Our marketing will be direct and ‘community friendly’ as possible. Additionally, we will also use customer feedback forms so that we continually improve what have to offer.

4.9 Anticipated Results – Marketing and Financial Goals

- To secure ample funding in order to get the project running on time
- To attract a wide range of clients not just from the Wearside area but from the North East
- Looking to turn new customers into long standing clients
- To decrease the amount we have to spend (in terms of time and finances) by at least 5%.
- Keep within strict financial budgets
- To be able to repay any investors as quickly as possible

4.10 Marketing Mix

The marketing mix comprises of the '4Ps' which, when dealt with properly, will sustain a business. They are Product, Price, Place and Promotion. We will utilise the following approaches when dealing with these areas.

- **Product/Services** – we are offering a wide range of training and fitness facilities for amateur boxers to train as well as providing classes (boxercise and circuits) to help improve general fitness.
- **Price** – There will be a joining and membership that is payable weekly or monthly (be it 1,3,6,9 or 12 months.) When calculating this, care must be taken not to be too expensive which means people will not be able to afford to use it or too cheap which means that it will be difficult to make a living. The average cost of gym membership is between £25 and £40 per month. However, these kinds of costs may not work here. So, we will consider having different costs depending on what people want. For example, if they just want to train or use the gym, it will be slightly cheaper than paying for everything (classes + using the gym + training).
- **Place** – The gym will be located in Sunderland just on the outskirts of town. It is easily accessible by those in the suburbs as well as shoppers and commuters from town.
- **Promotion** – Several methods of promoting our products will be utilized to gain maximum exposure. These have been explained in detail in the previous sections.

5. Equipment and Timescales

5.1 What we will need

The gym will need to be equipped with the best possible apparatus. The staff will be trained to use them so that they will be able to show others how to get the best out of them. Our requirements are listed in the sections. It is important to note that although the initial outlay for the equipment will be considerable, it is essentially a 'one off' buy with only slight maintenance costs to pay. If we need to replace them, it will be a long time in the future by which time, the gym will be firmly established.

5.1.1 Cardiovascular Equipment

A big part of boxing involves developing and maintaining fitness. Therefore, we will need the best equipment. This is the equipment necessary to give maximum benefit to its users.

- **Treadmills** (about 4 or 5 of these will be enough for the gym's needs initially). They are excellent for improving cardiovascular fitness. As running forms an important part of boxing and the weather in the United Kingdom is not always conducive to this happening outside, these are an essential part of the training programme.
- **Elliptical Trainers** – (again 4 and 5 of these will be needed) – They train the whole body and are good for cardiovascular work as well as fat burning.
- **Exercise Bikes** (4 -8 of there will be sufficient) – for those who want to start training but need to be eased in, exercise bikes provide a good workout and improve fitness.

5.1.2 Boxing Equipment

As the gym is mainly designed to provide training for amateur boxers, therefore we will need the equipment for this. The list is quite substantial but these pieces are less expensive than the machines that are required.

- **Punchbags (freestanding/hanging)** – there are many different sizes and styles and they range in price from £40 -£200 pounds each.
- **Gloves and Mitts** (although some of the clients will have their own) – again they come in different shapes, sizes and colours. The cost of a pair ranges from £4.00 - £95.00. We will aim to go for the lower end to start up with, getting the best at a reasonable price.
- **Stands and Brackets** – The different parts range in price from £5 to £400. On these you hang the balls and swivels. They vary in price from £10 -£50.
- **Pads** – These are worn by the trainer to help the boxer with their jabs and hooks. They are priced from about £15 to £64.

- **Medicine Balls** – are used when doing circuit training e.g. when doing sit-ups and sprints. They cost from about £9 - £50.
- **Boots and Protection** (Helmet, gumshields etc) – Boxers have special boots that they wear, trainers are only good for general training, but when they are doing padwork, ringwork i.e. in the boxing ring, they need boots, helmets and gum shields. Boots range in price from about £20-£40; helmets from about £30-60 and gumshields cost about £2-5 pounds each. For the latter, we will encourage people to bring their own as health and safety is paramount.
- **Skipping ropes** – are an essential part of a boxers training ‘kit.’ They cost from £3-£5 each.

The quantities and final costings are laid out in the ‘Startup Cost’ document which can be seen later on in this document.

5.2 Planned Timescales

One of the key aspects that will determine the success of this venture is making sure that everything is carried out in a timely fashion. We are doing all we can to make sure everything runs as smoothly as possible and although every care is taken to minimise any potential problems, we appreciate that a something like this can have unique challenges which will be dealt with in detail in the next section.

5.2.1 Start up and Operating Schedule

We plan to be in business within 9-12months and we already have a timeline in place detailed in the table below. Everything will be done to make sure things move as quickly as possible but without cutting any legal, financial or structural corners.

Activity	How long will it take?
Getting funding for venture	2-3 months
Deciding on venue and getting planning permission	3-5 months
Building and Refurbishment	3-6 months
Final checks and pre-opening marketing	4-6 weeks
Pre-opening administration (opening business account, registering with Inland revenue etc)	1 week
Opening and registering clients	5 days
TOTAL (using median of given timescales)	12 months

6. Legal and Environmental Policy

6.1 Legal Stuff

With a business such as this one, it is absolutely essential that we fulfil our legal and financial obligations. The last thing that any business wants is bad press associated with breaking the law no matter how unintentional it was. We will look at the general legal issues that all small businesses must be aware of and deal with before going into the specific legal requirements associated with running a gym.

6.1.1 Business Structure

There are three main methods of setting up a business each with their own advantages and disadvantages – Sole Trader, Partnership and Limited Company. This company will be set up as a sole trader. This means that there are very few legal obligations other than registering as self employed with the HMRC (Inland Revenue) and making sure accurate records are kept for the taxman. It does mean that the person is solely and personally liable for any debt that the business accumulates so we will look to keep the debt to as low a level as possible. Perhaps, in the future, as the business grows a partner will be brought on board.

6.1.2 Business Name

The name of the gym is yet to be decided (RockySolid is just one of the names under consideration and has been used in this plan for continuity) but it is very important to check that the name chosen is not the same or too similar to any other businesses in the area. If this happens, one can be used for passing off i.e. trading and benefitting from the use of another person's name and reputation. Once established, we would look to protect the name by registering it with Companies House and the Intellectual Property Office (www.ipo.gov.uk).

6.1.3 Trading Services Issues

As the gym will be providing a service to the public, Mr Christie will have to be aware of relevant and important legislation such as the Trade Descriptions Act amongst others. In addition to this, as the gym will be made up of members each having to sign and fill in a form with personal details, care must be taken that their details are kept as safe as possible. The membership form must be clear and precise about the service, payment and other health and safety issues.

6.1.4 Insurance and Tax Issues

As Mr Christie will be a sole trader, as stated before, he must register as self employed. There is no need to register for VAT (unless he decides to do so on a voluntary basis) until he starts turning over £64,000 a year.

Having the correct insurance is very important in any business but it is especially the case in this type of business where the activity could lead to injury and there is machinery that, if not used properly, could cause some harm. The following types of insurance must be put in place:

- **Professional Indemnity Insurance** - this protects professional businesses against legal liability

towards third parties for injuries, loss or damage arising from professional negligence either by the sole trader or any employees.

- **Public Liability Insurance** – this covers damage, loss, injury or death which happens during normal business activities.
- **Premises Insurance** – for full rebuilding should fire, explosions etc occur.
- **Employers Liability Compulsory Insurance** – Mr Christie may need this if he chooses to employ people even on a voluntary basis. The Employer's Liability (Compulsory Insurance) Act 1969 makes this mandatory that this insurance is in place.

The following insurance is highly recommended and will be considered:

- **Fidelity guarantees** – protects against monetary loss resulting from employee dishonesty
- **Glass and sign cover** – because there are a lot of mirrors and glass in gyms, this would be a very good idea to have. It provides cover for replacement for glass and signs which have been either maliciously or accidentally damaged.
- **Contents insurance** – for the machinery and equipment in the gym
- **Business Interruption Insurance** – It insures against disruption to the business that leads to loss of income and extra expenses. It compensates for the shortfall in gross profit and pays any increased working costs and fees incurred.
- **Engineering Insurance** – provides cover for electrical and machinery breakdown including computers.

6.2 Health and Safety

This area is a somewhat grey area. The gym, especially one that is mainly focused on providing boxing training is a potential minefield for accidents and injuries. However, there is no agency setting down exact guidelines and governing this area.

The Fitness Industry Association (FIA) has a code of practice which details minimum standards that gyms must reach to get their stamp of approval. It requests that all fitness centres comply with the Safety at Work Act 1974⁶ and Health and Safety at Work Regulations 1999⁷. Any staff must be trained to use the equipment and there must be the appropriate number of HSE certified first aiders for the amount of people in the gym. All trainers, even if they are working on a voluntary basis must be trained to the standards set out in the Register of Exercise Professionals.

6 <http://www.healthandsafety.co.uk/haswa.htm>

7 <http://www.opsi.gov.uk/si/si1999/19993242.htm>

All the equipment on site i.e. machinery and electrical appliances must be kept in a safe conditions and regularly inspected by the relevant people. The fitness machines and equipment must be maintained to the guidelines set out by the manufacturer with any checks and maintenance recorded and kept on file in the premises. In addition to this, as an employer Mr Christie is aware of the employer legislation that is out there that needs to be adhered to should he take on any staff. Furthermore, if any food is going to be served at the gym (as in a café /bar area), he will need to comply with Regulation EC No.852/2004 on the hygiene of food and the Food Hygiene Regulations 2006.

Sunderland does have its troubles with a slightly higher than average number of unemployed, long-term sick and crime. The gym will install CCTV to combat this and be in constant contact with the police to ensure not just the safety of the place but also safeguard the wellbeing of our clients.

6.3 Potential Environmental Issues

With the growing interest in the environment and carbon emissions, every care will be taken to make sure that the gym is environmentally friendly. There is very little possibility of pollution as the gym will not be using gas, coal or oil in its machinery or any of its operations. Having said this, by turning things off when they need to be, by keeping heating to a comfortable minimum and lights off when the gym is not in use.

7. Risks and Contingency Plans

Setting up what in essence is a dedicated fitness centre does present some business and operational challenges which must be properly dealt with if it is to succeed. The main challenges and their possible solutions will be dealt with in the subsequent sections. They are as follows:

- Keeping crime in and around the gym to a minimum
- Motivating people to come to the gym
- Finding reliable staff that would work voluntarily
- Keeping costs to a manageable level

7.1 Keeping crime in and around the gym to a minimum

Sunderland has, in the past, been known for the high levels of crime. It is either near or slightly above the national average for a range of crimes from antisocial behaviour to theft. However, with the concerted efforts of the police, these figures are being reduced. This may have a slightly negative impact on the gym. The location of the gym is very important here. The location is just off the main road, away from the estates and near the centre of town. The police station is not far away and police presence has been increased.

These risks will be countered by making sure that the area in around the gym is adequately protected. The gym will be covered extensively by CCTV and alarmed. The alarm will be connected to the local police station. Any potential staff will be carefully vetted to make sure that there is very little chance of the business suffering loss due to employee dishonesty or criminal activity. Anyone found carrying out criminal activity on the premises will be severely dealt with by being barred as well as being reported to the police. In addition to this, the gym will provide a place for young people, especially those interested in boxing and / or sport in general, to train, meet and socialise. By doing this, it is hoped that the gym will play a part in reducing antisocial behaviour and have an outlet for any aggression or frustration that they might be feeling.

7.2 Motivating people to come to the gym

The media is full of articles indicating the fall in the number people going regularly to the gym. This is despite the worrying obesity figures which show that by 2010, 12 million adults and one million children will be clinically obese⁸. There are several reasons for this fall and they are listed below:

- The credit crunch and the following drop in consumer spending means that any “*discretionary spending*” is cut. Despite joining fees falling by nearly 20%, people are keeping their purses strings tightly shut. As one headline states, people are choosing to “*fight the debt rather than the flab.*”⁹ It has been found that by cancelling their membership, they save themselves over £1000 over the

8 <http://news.bbc.co.uk/1/hi/business/5285812.stm>

9 <http://www.independent.co.uk/news/business/analysis-and-features/business-analysis-gym-users-opt-to-fight-their-debts-rather-than-the-flab-526363.html>

year.

- People perceive gyms to be sterile environments not really geared to helping people get fit. It is seen as a place where people go to show off and feed on people's insecurities.
- Gyms tend not to focus on existing and loyal customers as long as they pay. They tend to focus on attracting new customers and do not pay attention to people attending the gym thus exacerbating the image that they do not care.

The way that this can be countered is by making sure that the fees are reasonable and there are flexible payment options and membership types and terms i.e. a 12 month membership of the gym will not be insisted upon. Depending on what people want, what they are looking to achieve and how much disposable income they have, different options will be discussed. In addition to this, we will look to making sure that the gym has something to offer. Organising some events and fun days as well as offering incentive schemes will be the main way of not only getting people through the door but also saying thank you to the existing clientele.

7.3 Finding voluntary staff

As mentioned before, Sunderland has had a reputation for high levels of criminal activity although this is being robustly countered by the police. In spite of this, it will be difficult to recruit staff who would be willing to act as voluntary coaches and training staff. It is possible to find those who are looking for a new challenge but paying them what they would expect will be somewhat difficult as the gym is yet to establish itself.

This will be dealt with by Mr Christie taking on a few clients and training them himself. He will need someone to not only act as trainer but a receptionist/administrator to deal with the business side of things. As the fighters develop and become older, there will be the possibility of getting them trained to high standards so that they, in turn can train others. This will, hopefully, reduce client turnaround and increase loyalty to the gym. Furthermore, after establishing links to youth clubs charitable organisations, schools and colleges, it may be possible to offer internships/apprenticeships or work experience as trainers. This would be an excellent move for the gym as it would not only raise its profile and give people good work and teach them new skills, it would also help people to develop a strong work ethic which they could use in their everyday lives.

7.4 Keeping costs to a manageable level

There are two main reasons why new businesses fail. Firstly, they spend too much on the initial outlay and then secondly, they fail to ensure cashflow is matching the expenditure they are making. In short, there are insufficient budgetary and financial controls in place. Opening a gym / training facility can be very expensive e.g. equipment alone can cost upwards of about £30,000. So it can be difficult to try and keep a tight rein on what is being spent. We are aiming to keep costs down as much as possible by doing some of the following:

- Trying to get the equipment from a gym that is selling off its equipment to get the best price
- Perhaps finding an old gym and refurbishing it rather than having to do it all from scratch
- Looking to take on voluntary staff rather than salaried staff with Mr Christie doing a lot of the work himself
- Leasing rather than buying a property is an option (the financial situation has to be monitored carefully when considering this).
- Using any free advertising for example in Yellow Pages and BT Tradespaces. In addition to this, you can use Vistaprint who can produce free business cards, flyers, posters etc, you just pay for postage and packaging (but sometimes the quality is not as it should be).
- Using Business Link to source possible funding sources and using these funds to cover some startup expenses.
- Getting friends and family involved as much as possible in the setup from helping with refurbishment to handing out flyers.

During this time, the budgets and the marketing plan will be reviewed monthly to make sure things are on track. Anything that is not proving cost effective will be removed and a suitable alternative sought as quickly as possible.

8. BUSINESS OBJECTIVES

8.1 Short-Term Business Objectives

- Create interest in the gym
- To make sure that the gym has the best equipment for the customers
- To get the requisite planning permission and start building
- To keep within the budget
- To keep the time operating at a loss as short as possible

Once the marketing plan begins to be implemented, the result should be a growing and constant interest in the gym and what it has to offer. Before this can happen, the gym has to be up and running and offering the best that it possibly can. There is very little to gain by promoting something that is unfinished, badly furnished, or worse still not there.

It is essential to be realistic about timescales and how much money is going to be invested and how much is going to be made and review any plans on a monthly basis initially. As things become more settled, a quarterly review will be put in place – marketing, finances and operations will be closely scrutinised to make ensure maximum profitability.

To begin with, the aim will be to reinvest as much profit as is possible back into the business. This will also enable business growth and development. In addition to having the gym at their disposal, those in training will also be advised and supported in areas of nutrition and diet as well as having a trained sports masseur or masseuse on site to deal with any injuries.

8.2 Long-Term Business Objectives

- To have a strong, loyal and growing customer base
- To have produced winning fighters
- To reduce marketing and overhead costs where possible by around 5%
- To have steady and increasing cash flow and transparent financial dealings with stakeholders
- To increase the facilities to include the older generation
- To have a small café area where healthy snacks can be served
- To forge links with the community, the sports world, schools and colleges, youth clubs and nonprofit organisations

Within 3-5 years, the gym aims to be well established and producing fighters that are capable of not only local and regional bouts but national and even international ones. As stated before, because the costs will under constant review, we are aiming to reduce marketing costs in the first year by about 5%. In addition to this, the gym will also look to be a valuable part of the community and expose its clients especially the younger ones to the benefits of sport and fitness. The skills learnt in the boxing ring of self-discipline, hard work, ambition and motivation will stand them in good stead when they start to find their feet in other aspects of their lives.

The gym will also look to expand the services and facilities it has to offer in the future from classes that over 50s will find beneficial to having enough personal trainers that will go to people's homes and places of work to help them keep fit. Furthermore, the addition of a small café means that people can form friendships and increase social confidence whilst they come to the gym.

Whilst other gyms focus on getting new customers sometimes at the expense of their existing ones, we aim to increase the range of activities on offer without losing the core focus of the gym. We will also develop incentive schemes and rewards for those loyal customers who stay with us.

The main goal is to run a profitable but grass roots gym that appeals to everyone especially the local and regional community. There may come a time for further expansion in the future, we want to make sure that the gym is in the best possible shape for this to happen.

9. The Cost

- 9.1 Financial Projections – Possible Level of Funding**
- 9.2 Financial Projections – Startup Costs**
- 9.3 Financial Projections – Breaking Even**
- 9.4 Financial Projections – Future Profitability**
- 9.5 Financial Projections – What it means for the gym and other stakeholders**

10. References

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11. Appendices