



# Personal Fitness

## 1.0 Executive Summary

### 1.1 COMPANY

BuffUp Lake Oswego is a franchise of BuffUp, Inc. BuffUp is the principal strength and conditioning program for people of all shapes and sizes, from the highly specialized combat warrior to the grandmother trying to build enough strength to pick herself up after a fall. This is a fitness program that is, by design, broad, general and inclusive. Our franchise is a limited liability company located in Lake Oswego, Oregon.

### 1.2 PRODUCTS & SERVICES

BuffUp Lake Oswego provides individuals the opportunity to exceed their fitness expectations. This is delivered through expert coaching, high-quality equipment, convenient scheduling and exceptional exercise programs.

When a person exercises in a group, has fun and uses everyday functional movements; he or she is far more likely to exercise more often, eat better, have less injuries and lose weight while gaining muscle mass. Our program is provides all of the elements necessary for participants to achieve their fitness goals.

### 1.3 MARKET ANALYSIS

The market for fitness training reflects the demographics and standard of living in much the same way that the major gyms and personal training facilities are segmented. In general, BuffUp attracts adults in the 30 to 60 year old range, who either live or work in the area. Lake Oswego has roughly 96,000 people that fall into that range. Of course, BuffUp will appeal to many persons beyond this group, but this is our strongest market segment.

### 1.4 STRATEGY & IMPLEMENTATION

BuffUp Lake Oswego will leverage its alliance with BuffUp Inc. to help gain early customer traction. Prior to opening the facility, a free training program in a local park will be offered, which will help spark interest and will illustrate the type of training that is available. The company will have a heavy web presence, led by an online blog that will form a community among the members of the club, as well as attract new members.

### 1.5 MANAGEMENT

Brian Ortiz and Jake Austin are the founding partners of BuffUp Lake Oswego. They have participated in other BuffUp franchises for several years, and both are certified as BuffUp trainers. They also have business backgrounds, as well as a strong network of clients that are interested in the service.

### 1.6 FINANCIAL PLAN

BuffUp will acquire 85 customers in the first year, which will generate approximately \$125,000 in revenue. The business will continue to grow by 100 customers each year until the maximum capacity is met in year 5. Recurring revenue is a critical part of the business model. The company will be cash flow positive in the first year.

### 1.7 FUNDS REQUIRED & USE

BuffUp Lake Oswego is seeking \$45,000 through a line of credit that will be used to secure a facility, equipment and for marketing expenses. This line of credit will be paid off within the three years.



## 2.0 Company Summary

### 2.1 COMPANY & INDUSTRY

BuffUp Lake Oswego is a franchise of BuffUp, Inc. BuffUp is the principal strength and conditioning program for people of all shapes and sizes, from the highly specialized combat warrior to the grandmother trying to build enough strength to pick herself up after a fall. This is a fitness program that is, by design, broad, general and inclusive. We do not specialize. We generalize. Sports, combat, survival and life reward are just a few of the accomplished goals of our program. Our program utilizes the ten standards of fitness; cardiovascular/respiratory endurance, stamina, strength, flexibility, power, speed, coordination, agility, balance and accuracy. It's very hard exercise that works!

### 2.2 LEGAL ENTITY & OWNERSHIP

BuffUp Lake Oswego is currently registered with the Secretary of State (Oregon) as a limited liability company under the name "The BOJT Company, LLC". We plan on operating as "The BOJT Company, LLC DBA BuffUp Lake Oswego".

### 2.3 FACILITIES & LOCATION

BuffUp Lake Oswego is located in Lake Oswego, Oregon. We will be occupying roughly 2,200 to 3,000 square feet of light industrial space. Service and sales area: 200 square feet. Workout space: 1500 to 2000 square feet. Office: 200 square feet. Restrooms: 300 to 600 square feet.

## 3.0 Products and Services

### 3.1 PRODUCT DESCRIPTION

BuffUp Lake Oswego provides individuals the opportunity to exceed their fitness expectations. This is delivered through expert coaching, high-quality equipment, convenient scheduling and exceptional exercise programs.

When a person exercises in a group, has fun and uses everyday functional movements; he or she is far more likely to exercise more often, eat better, have less injuries and lose weight while gaining muscle mass. Our program provides all of the elements necessary for participants to achieve their fitness goals.

### 3.2 FEATURES & BENEFITS

One-on-one coaching (Fundamentals): Each client must attend five one-on-one sessions with our BuffUp Level 1 certified coach. Within those five sessions, the client will learn the basic techniques to successfully complete a group WOD (workout of the day). These basic techniques include:

- Squat (front, back and overhead)
- Clean/jerk and Clean/snatch
- Sit-ups/back extensions
- Pull-ups (Kipping and butterfly)
- Push press, push jerk and shoulder press

Cost: \$250 (one-time fee)

Group WOD's: After clients go through one-on-one training, and have shown that they are proficient in the basic moves, they can join our group WOD's. These workouts include some, if not all, of the aspects of the fundamentals class. Each workout will be varied in intensity and in the techniques used. Clients will be timed and expected to push their mental and physical limits every time they enter the facility. Cost: \$150 per month



or \$1800 per year.

### 3.3 COMPETITION

While there are many fitness alternatives, such as gyms, biking, hiking, organized sports and personal trainers, BuffUp has no direct competitors. We offer the benefits of private training at a cost comparable to gym memberships.

There are several national chain gyms in Lake Oswego, but only 24 Hour Fitness is within our immediate area. BuffUp Lake Oswego will open its doors close to a 24 Hour Fitness location with the intention of attracting some of its customers.

### 3.4 COMPETITIVE EDGE/BARRIERS TO ENTRY

BuffUp Lake Oswego will eventually shift the way society views fitness. People buy our services because we capitalize on every flaw a "global gym" has to offer. BuffUp offers real one-on-one coaching each and every time a person comes into the facility at a fraction of the cost of a "global gym". Most gyms offer personal training for \$50-\$100 a session. Our gym charges \$150 per month for unlimited sessions. Our facility creates workouts that compound full body movements. These workouts are fun, very intense and can be scaled to all ages and experience levels. The typical "global gym" caters to the bodybuilder types that have no functionality to what life can throw at you. Our gym doesn't use expensive, useless machines that isolate each muscle, thereby creating uneven muscle balance. BuffUp gives each individual an opportunity to lose weight, gain muscle mass and regain the agility and balance once enjoyed a child.

BuffUp Lake Oswego will establish the first BuffUp facility in our city, and we acquired exclusive rights to open future BuffUp locations in the area.

### 3.5 DEVELOPMENT

In the future, BuffUp Lake Oswego will open additional locations to meet the needs of our area.

We are also studying the possibility of expanding into physical education programs and sports programs in area schools. This would be done as a consulting business or a contract for services.

We also plan to build an online store featuring the merchandise offered at our facility and other items. We will also host specialty seminars on nutrition, Olympic lifting, etc. These additional revenues will add to our bottom line.

## 4.0 Market Analysis Summary

### 4.1 TARGET CUSTOMER

The market for fitness training reflects the demographics and standard of living in much the same way that the major gyms and personal training facilities are segmented. Below are listed market segments based on the usual demographics seen in today's fitness industry:

- Age Range 30-60: It is known that in the fitness community, those clients looking for personal training and willing to spend the money for it, are between the ages of 30-60.
- Yearly income of greater than \$75,000: Most clients are more willing to pay a premium for one-on-one coaching when they make more than \$75,000.
- % of population with gym memberships: The latest study shows that 15% of the population has a gym membership. BuffUp facilities tend to capture 1-3% of the population.
- General population within a 5-mile radius of the facility: To run a successful facility, we need at least 50,000 residents to generate a sufficient number of members for a profitable franchise.
- Athletic males: BuffUp attracts active male athletes.



- All females: Conversely, BuffUp attracts all types of females. Females are more willing to try new things and are less worried about failing.

## 4.2 MARKET SIZE

BuffUp appeals to adults in the 30 to 60 year old range, who either live or work in the area. Lake Oswego has roughly 96,000 people that fall into that range. Of course, BuffUp will attract people outside this group, but this is our strongest market segment. As stated above, our minimum required population within 5 miles should be 50,000 people. Our population within 5 miles is 232,647. Average household income should be \$75,000 or higher. 43.6% of the population either meet or exceed \$75,000. More than 15% of the US population has a gym membership, and more than 67% of those with memberships aren't satisfied with what they have and don't go on a regular basis. BuffUp Lake Oswego realizes that with quality services and exciting workouts, we can capture at least 1% of the 34,897 people with gym memberships within a 5-mile radius of our location. This equates to 348 new members, which exceeds our goal of 200 members.

## 4.3 TRENDS

When doing research on the fitness industry, we've found that there is a definite shift from the ordinary workout session (weights and running) to the increasingly popular group sessions. These workouts have proven to be more effective and enjoyable for participants.

## 4.4 SWOT ANALYSIS

The SWOT analysis provides us with an opportunity to examine the strengths and weaknesses BuffUp Lake Oswego must address. It also allows us to examine the opportunities presented to BuffUp Lake Oswego as well as potential threats.

### Strengths

- Knowledgeable and friendly staff: Our staff consists of professionally trained personnel that have a true passion for helping the community and caring for the needs of its members. This becomes apparent when you look at our staff's professional background. We have proven that we are willing to go above and beyond to suit the needs of our customers.
- Top of the line equipment: Our customers will enjoy the finest in fitness equipment.
- Online presence: Each member will have access to shop, schedule and track fitness progress online. All scheduling will be automated for fast and efficient communication with our members.
- Fun, family ambiance: When you walk into our facility, you will feel the family atmosphere. Our members will feel comfortable and eager to cheer each other on. Our facility will give the athlete an old school feeling, making them feel as if they are a part of an early "Rocky" movie. No machines no mirrors just bumper weights and many Olympic exercises.
- Clear vision of the market need: BuffUp Lake Oswego knows what our customers have been missing at their current gyms. We know what exercises work and we know what keeps people motivated. In return, we know we will create very loyal, passionate members.

### Weaknesses

- Newness: Although BuffUp has built a loyal following, our brand is not yet a household name.
- High membership fees relative to traditional gyms: Our services may not appeal to potential customers with a limited budget. Of course, our services are more affordable than personal trainers, but we will need to identify an engage the large mid-range customers.

### Opportunities

- The growing population interested in group fitness: In the last couple of years, we've found that there is a huge population of individuals that are more interested in group workouts than going to the gym alone.
- Social bonds fostered by group workouts: Our exercise programs are building personal bonds and



friendships. These bonds have led to an internet-based fitness community covering more than 720 facilities. It has become a viral marketing phenomenon, and members are sharing this excitement with new people every day.

- Growing market: BuffUp is a relatively new brand in the marketplace. We have a foundation and a reputation within the diehard fitness community, but a significant percentage of our target market has still not been introduced to our services.
- Internet possibilities: We plan to create an online store and build our internet fitness community.

#### Threats

- Declining economy: Many people are becoming increasingly conservative with how their money is being spent.
- Copycat training services by gyms and independent trainers: Certainly other services will try to mimic the success of BuffUp, but we are confident that our proprietary programs and national reputation will limit the impact of copycats on our bottom line.

## 5.0 Strategy & Implementation

### 5.1 PHILOSOPHY

BuffUp Lake Oswego will build and provide the only fitness facility truly dedicated to solving the fitness needs of our customers. This will be done through providing the highest quality equipment available, constantly keeping our staff up to date on certifications, providing a clean and crowd-free gym.

### 5.2 INTERNET STRATEGY

Our website BuffUpLO.com gives our customers an opportunity view current information on special events, schedule training, buy products and participate in an online fitness community.

BuffUpLO.com will be promoted on all of our flyers, business cards and promo pieces. We are linked to BuffUp.com (main site) and to over 750 franchises around the world.

BuffUpLO.com is nearing its completion date. We will maintain a simple and classy site. The website logos and graphics share the same artwork found on our signage and marketing materials. Our managers will maintain the website. MindBody will provide the programming for all the billing and scheduling done through our website. As part of our package with MindBody, technical support will be included.

### 5.3 MARKETING STRATEGY

Our marketing activities include the following:

- Constant internet support and blogging
- Email advertising to current members and potential leads
- Free park exercises to grow community awareness and new customers
- Sponsorship of local athletes and students in sporting events
- Joining the Chamber of Commerce, Rotary Club and other local groups
- Participation in fitness and charity events

Positioning:

For the gym goers that aren't satisfied with their fitness routine, BuffUp Lake Oswego provides high intensity exercise that WORKS! Unlike 24 Hour Fitness or Bally's Total Fitness, BuffUp is fast, fun and extremely effective.

Promotions:





BuffUp Lake Oswego's promotion strategy consists of word of mouth, email promotions and local advertising (newspaper, school flyers and non-profit organizations). We will also do regular lead-generating exercises in local parks.

We will make presentations to athletic directors and coaches of the local high schools and colleges. Since our background is in public safety, we will also present this program to our local public safety officers, such as police and fire personnel. We will actively participate in the local Chamber of Commerce and enter our members in local fitness events.

Our biggest promotional tool besides word of mouth comes from our website. Our website is linked to the main BuffUp website that generates millions of hits throughout the year. When customers are looking for fitness programs, they will usually find themselves going through the BuffUp main page and then searching for a gym near them. If they live in Lake Oswego or nearby, the site will recommend our website, which gives the customer everything they need to join our club.

#### **5.4 SALES STRATEGY**

Every Saturday, BuffUp Lake Oswego will meet at a park and invite all current members to bring friends and family to participate in a workout. They will learn the basic moves and complete a WOD or Work Out of the Day. This gives new individuals a chance to experience what BuffUp is about and shows them how effective the program is. Guests will fill out a contact card and will be followed up on at a later date with invites to come down to our facility and a link to our website where they can find videos and blogs that support our fitness community. This marketing strategy allows us to generate many leads and gives potential customers a chance to actually try something before they buy. This strategy will continue for the live of our business. Most current BuffUp businesses have done this and have found great success doing so.

#### **5.5 STRATEGIC ALLIANCES**

BuffUp Lake Oswego is affiliated with BuffUp Inc. BuffUp Inc. promotes the fitness programs of all franchisees. Since 2001, this company has grown tremendously. As a franchise, we are tied into over 720 like-minded facilities throughout the world that are becoming increasingly popular. This internet community allows thousands of people to become exposed to our program.

#### **5.6 OPERATIONS**

Our team will focus on marketing, leading classes and continued education. All staff members will hold a BuffUp Level 1 certification. This instructor/trainer course insures that all employees have demonstrated the ability to teach the BuffUp Method. We will constantly improve our teaching methods through continual participation in certification courses in all aspects of fitness training and nutrition.

#### **5.7 GOALS**

Our primary goal is to create a community committed to elite functional fitness. Our monthly objective is to generate at least 20 new members. This will allow us to become a profitable fitness business.

We aim to open and run a facility at full capacity within the first two years with 150 to 200 members.

#### **5.8 EXIT STRATEGY**

The owners of BuffUp Lake Oswego are establishing this business as a cash flow company for themselves and as a vehicle to pursue their passion for fitness. BuffUp will provide adequate dividends to the owners, as well as generate enough revenue to pay off the initial loan in the first three years. The owners may exit the business through an acquisition by another BuffUp affiliate or a larger fitness chain.



## 6.0 Management Summary

### 6.1 ORGANIZATIONAL STRUCTURE

The company will follow a hierarchical structure with Brian Ortiz and Jake Austin at the top as co-presidents and Mrs. Hannah Ortiz and Mrs. Miranda Austin as facility heads. The sales, advertising, workouts, expenditures and Q&A will consist of only those individuals until such time as growth of the company will require more people. This is anticipated to occur in year two to four.

### 6.2 MANAGEMENT TEAM

BuffUp Lake Oswego must have a level 1 BuffUp certification to train all members. Both owners/presidents hold this minimum requirement, and our management team will be fully certified within the next six months. All potential employees will be required to hold that certificate. Payroll and accounting issues will be completed by our managers and cleared by a co-owner.

Brian Ortiz and Jake Austin have participated in other BuffUp franchises for several years, and both are certified as BuffUp trainers. They also have business backgrounds, as well as a strong network of clients that are interested in the service.

## 7.0 Financial Plan

### 7.1 REQUIREMENTS

BuffUp Lake Oswego requires \$45,000 to begin operations. This will be in the form of a line of credit secured from a bank and personally guaranteed by the owners.

### 7.2 USE OF FUNDS

The funds will be used to lease a commercial space and buy necessary exercise equipment. Marketing expenses and initial accounting software will also be purchased with these funds. A portion of the funds will be used for operating expenses until profits are realized.

### 7.3 INCOME STATEMENT PROJECTIONS

BuffUp will officially open in January 2009. First year revenues are projected to be \$129,375. Revenues will grow to \$382,800 in year 5. During the same period, net profit will grow from \$36,700 to \$186,460.

Details are provided in the attached income statement.

The business will reach break-even once it generates 36 monthly members. BuffUp will become profitable before the end of its first full year.

### 7.4 BALANCE SHEET

The business will maintain primary assets of equipment and cash. The business will work hard to reduce liabilities with the goal of paying off all liabilities by the end of our third year.

### 7.5 ASSUMPTIONS

These projections are based on the assumption that fitness trends will continue and competition will remain relatively the same.