

2011

Dragon Fitness Training, LLC: A Business Plan

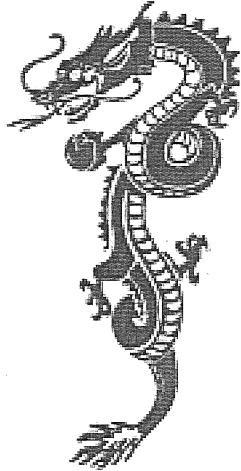
Robert B. Bunda

University of Connecticut - Storrs, arrrbee@gmail.com

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Dragon Fitness Training

Dragon Fitness Training, LLC

352 Green Hill Rd

Madison, CT 06443

(646) 660-4043

Plan Prepared August, 2011

By Byron Bunda

Foreword and Acknowledgements

This business plan was written as a learning exercise as a part of the Holster First Year Project. The Holster First Year Project, a program offered to freshmen in the Honors Program at the University of Connecticut, gives students an opportunity to explore their academic interests through an independent study during the summer after freshman year.

As a future business major, trying to plan a new business starting from nothing was an amazing way to open my eyes to every field of business study. Besides showing me how much I have to learn over the next three years, this project illustrated how important every field of business study is, including finance, marketing, accounting, and management. Although there is currently no intention to actually form the business described in the plan, every effort was made to treat the plan as though there were.

I'd like to thank my co-advisors Joseph Sweet and Christopher Levesque of the Connecticut Center for Entrepreneurship and Innovation for all their guidance during every stage of this project. I'm also grateful to Rob Dellipaoli, owner and trainer of Burn Personal Training Studio who helped provide insight into my business plan as someone who has already been there and done what I was just starting. Geoff Dellenbaugh, Attorney and Professor at the UConn Law School, was also very helpful in answering the law-based questions that I had regarding the forming of a new business. Also, my gratitude goes to Jill Deans of the UConn Office of National Scholarship, who led the Holster program and has been behind me every step of the way. I am thankful that all

these people were giving of their time and talents in helping me make my business plan the best it can be.

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Executive Summary

This is the plan for a new business, Dragon Fitness Training, LLC, by Byron Bunda, to be started locally at the University of Connecticut and then expanded to college campuses throughout the state.

The mission of Dragon Fitness Training (DFT) is to offer affordable, convenient fitness training services to college students. In order to offer clients the most affordable service, DFT will utilize college students who, although are not certified as personal trainers, are in excellent physical condition and have the personal experience and knowledge to provide the service. They will have the personal background that will enable them to help their fellow students achieve their own fitness goals. Fitness training services will be offered on-site at the UConn Student Recreational Facilities and will be offered throughout the school year at times most convenient for college students. By providing a low-cost, flexible alternative to expensive, off-site facilities, we expect to attract a large health conscious, fitness-oriented demographic at an athletic-minded college campus that otherwise under-utilizes such services. To reach clients, we will use limited on-campus advertising, primarily utilizing social media and word of mouth methods.

DFT will be unique not only in its approach towards using uncertified college students as personal trainers, but also in its structure. Dragon Fitness Training will be structured as a Limited Liability Company with the owner, Byron Bunda, acting as the

only employee. This means that DFT will be a very low-cost, simple company, allowing it to grow quickly and inexpensively. The objective is to become profitable within the first three months and to grow at a quick but manageable pace.

Description of the Business

Personal trainers aren't an option for most college students. Most personal trainers charge at least \$50 per session. While the personal training industry is growing as more and more people take an interest in their fitness and wellbeing, most of this growth is occurring in the higher income ranges. Dragon Fitness Training's goal is to change that, bringing the personal training revolution to college.

DFT is based on the campus of the University of Connecticut in Storrs, Connecticut and will operate a personal training business that is run by students and meant for students. The service may include any of the following:

- Initial consultation and screening
- Private or group personal training sessions offered at the Student Recreational Facility
- Custom-made workout plans, tailored to each client
- Health and lifestyle advising

Positioning

DFT will position itself as a “no gimmicks, no excuses, just results” personalized fitness consulting company. Trainers will be college students without formal certifications or degrees in personal training. Rather, they will be other college students who simply know what it takes to get fitness results. The no frills approach will allow DFT to keep costs low, allowing the service to stay affordable to our student clientele.

Business Concept

- Offer a motivating, helpful service
- Promote good health by emphasizing results-driven exercise
- Help clients realize their goals and the steps they’ll need to take in order to reach them
- Assist clients in reviewing lifestyle choices in order to further fitness and health goals.

Business Goals

- To launch the business by January 2012
- To reach 250 customers by the end of the Spring 2012 semester
- To become profitable by the end of the 2nd quarter

- To recoup start-up costs by the end of the Spring 2012 semester
- To maintain a staff of at least five active trainers

Services

DFT's service is simple, yet versatile. Clients may purchase personal training sessions. Each session is ten dollars and lasts half an hour. During this half hour, the client and trainer are free to use the time as they see fit. For example, an introductory session may be spent mostly discussing fitness goals and composing a plan for reaching these goals whereas later sessions may be spent entirely on exercising.

DFT's personal trainers are selected from the UConn student body and consist of students that are in excellent shape and have extensive experience in exercising. Although these trainers lack certification or experience in professional public training, they have the knowledge to help their fellow students get in better shape. The student trainers will work with the students, coaching them on campus at the SRF. The unusual service approach will result in a uniquely low price that college students can afford.

Operations Plan

Our first tasks will be to hire a group of trainers and build the infrastructure for the business. The company will hire a web design company to build a website. This website will be used to inform potential clients of our service, and also to book and purchase personal training sessions. It will feature profiles for each of our personal

trainers so that clients can choose which trainer they feel is right for them. Clients can use the website to set an appointment with a specific trainer if they have already begun personal training, or they can set up an introductory session if they are new clients. The website will be designed so that new appointments will be emailed to the assigned trainer and also sent to Byron Bunda. This website will be advertised in all of our promotional materials.

The company will recruit personal trainers by posting a flyer on the bulletin board in the Student Recreational Facility. Given that the company is interested in hiring those who are familiar with this facility, the company should be able to hire all the new employees it needs through this simple, free form of advertising. Byron Bunda will interview and hire all new trainers based on their availability and suitability for the job.

Byron Bunda will show new trainers how the company works, teaching them the procedure for training clients according to company standards. Although trainers may be given some standardized guidelines or suggestions for how to train their clients, they are free to make their own decisions.

At the end of the training session, each client will be given a satisfaction survey and an addressed, stamped envelope so that DFT can evaluate trainer performance.

Market Research

Dragon Fitness Training, LLC will be marketed to all students at the University of Connecticut that have access to the SRF, which is numbered at approximately twenty nine thousand students.

A marketing research survey was conducted online, asking UConn students questions about their exercise habits and attitudes surrounding personal fitness training. Over 500 students responded to the online survey and the results are very encouraging for Dragon Fitness Training, LLC.

72% of survey respondents answered that they agree or strongly agree that they would use personal training services if they were affordable for college students. In fact, nearly half of the survey respondents requested to receive more information regarding the service.

The consensus on what is affordable for college students is less clear. 33% of respondents said they would not spend money on training services, which corresponded neatly with the 28% of respondents who either felt neutral or answered that they would not use training services even if they were affordable for college students. Amongst those willing to buy, 42% answered that they would spend at most \$10 per session. 20% answered they would be willing to spend at most \$20 per session, and 6% of respondents would be willing to spend \$25 or more per session. A cross-analysis reveals that \$10 for a half-hour session is the second most preferred combination. 115 students made this selection, behind only the full hour, \$10 session combination, which is not feasible. This data verifies that college students would demand training services from DFT at \$10 for a half-hour session (40% of those surveyed prefer a half-hour session length). The data also suggests that once the company is established and looking to expand its service offerings and clientele that additional services such as a \$20 full-hour session, or a \$40 premium service might be marketable.

The survey also provided valuable information about what is important in a trainer. 45% responded that when choosing a trainer, they are most interested in the bond between the client and the trainer. This means that for DFT to succeed it is crucial to hire those who have good personalities. Of course, a “good personality,” is highly subjective, but DFT will stress the interpersonal connections between clients and trainers.

36% of survey responses said they are most interested in their trainer’s certifications, accreditations, or degrees. However, those who are most interested in accreditations are not significantly more willing to spend money on personal training than others, thus DFT believes that the lack of certifications will not prevent clients from purchasing personal training services.

In terms of marketing strategy, the two leading ways that survey participants believe they might discover such a service are from flyers (38%) and from word of mouth (26%). This is encouraging because it means that DFT could most likely get the word out through inexpensive means such as distributing flyers as it would through more expensive channels such as print advertising or internet search engines.

90% of survey respondents work out most frequently during the school year. Thus, DFT will probably shut down during the summer months, unless it is decided that the reduced number of students on campus still merits continual business operations. Also, 90% answered that they work out on the weekdays, with 44% answering they work out during the afternoon, thus weekday afternoons will probably be DFT’s peak hours.

Competition

There are no direct competitors for personal training at UConn. However, UConn offers a variety of fitness alternatives to those who are interested in getting in shape. Everything from Zumba fitness classes to the UConn Outing Club could be considered an alternative to personal training.

Although these alternatives pose a threat to DFT because they are all forms of exercise, they do not offer the consulting and guidance that is the cornerstone of the personal training experience. Thus, DFT should be able to develop a following of its own for those that are interested in the hands-on, one on one structure that only personal training provides.

Marketing Plan

In order for DFT to succeed, the company will need to keep costs low and build a reputation on campus. As a business that is only targeting members of the UConn community, it's essential that the company build a reputation as being one of the best ways to get in shape at UConn.

DFT will be marketed both physically and online. Initially the business will be marketed via Facebook and also on-campus advertising using flyers. This will help create an initial interest in the new company. DFT trainers will also be required to wear their Dragon Fitness Training shirts during their training sessions, which will hopefully arouse curiosity from fellow gym goers at the Student Recreation Facility. These inexpensive means of advertising will minimize costs while creating exposure for the new company.

Labor

DFT will begin by hiring five personal trainers, recruiting them from the SRF. These hires will be made by the owner who will select the trainers based on their exercise experience, their athleticism, and their performance in a “try-out” staged as an actual personal training session. Some would call our trainers “jocks” endearingly. They have extensive knowledge of fitness training, have free time, need money, and would love to get paid to spend time at the gym.

College students aren’t looking for full time work; they’re available as needed. They will not require health insurance because the University requires that they already have it. DFT will pay a rate of \$6 per training session, which will last half an hour, however, most trainers will work more than one session in a row. This rate is much greater than the minimum wage that most on campus jobs pay. Also, this job will allow them to choose their own working hours as opposed to being subject to a set work schedule.

The personal trainers will be considered independent contractors as opposed to employees of DFT. There are many implications to this designation. First, the most desirable implications is that DFT will not be responsible for withholding federal, social security, and Medicare tax, nor matching employer social security and Medicare tax, paying unemployment tax, issuing W-2 forms at the end of the year, or reporting all paid wages to the IRS.

The downside is that as independent contractors, DFT will not be able to control how the work is done. The trainers will maintain the right to control the personal training sessions and the methods that they use. DFT cannot control when, where, how, or in what order the training will be performed, who will assist with the training, nor can DFT train its trainers. It is most likely that this will not result in anything that would be disagreeable for DFT. All independent contractors will be held to a basic contract to ensure that they act in the company's best interest. As independent contractors, DFT does relinquish some of the control that companies employing employees have. However, the loss of control should not cause major problems for the company, though, because the trainer's self interest is in continuing to receive work assignments, and thus if trainers were to misuse their status as an independent contractor, it will bring them harm.

Organizational Plan

The company will begin with Byron Bunda, the owner, and three students who are knowledgeable in fitness training and available as-needed for part-time work.

The owner will manage the business. As the company grows, it will hire more student trainers. Byron will be able to manage a maximum of ten trainers. If sufficient demand should require more than ten student trainers, the company will hire an assistant to direct scheduling, billing, and other administrative concerns. Byron will contract with an accountant for accounting services.

Management Team

Byron Bunda, will be the sole manager of the company. Although, he does not yet have an education in business management, he has significant business experience that is directly applicable to DFT and will qualify him to launch and operate this business.

Two years ago he served as the Business Chairman for the 131st year of *The Exonian*, the weekly newspaper of Phillips Exeter Academy. As the Business Chairman he was responsible for every business aspect of running the paper, from generating revenue through advertisement sales and paper subscriptions, to controlling costs by minimizing excess printing costs and other business inefficiencies. During his time at *The Exonian* he revamped the business structure, changing the advertising pricing schemes, overhauling the company command structure, fixing various inefficiencies and optimizing reporting procedures. He also launched a new marketing campaign, achieving record subscription levels. Just as he was able to illustrate the versatility needed to manage all aspects of *The Exonian*, he will be able to coordinate all the efforts necessary to run Dragon Fitness Training LLC.

Especially crucial to a business that is service based and entirely dependent on people, Byron knows how to manage and motivate other young people who may have little at stake and do not depend on their income for their survival. As *The Exonian's* Business Chairman he was charged with motivating a staff of over twenty unpaid high school students to commit to the long hours and strong efforts that were required for the newspaper to succeed. As the owner of Dragon Fitness Training LLC, Byron will be able to handle the rigorous demands of small business management.

SWOT Analysis

Strengths:

- Low start up cost. Because Dragon Fitness Training will use the SRF, there is no need to purchase any exercise equipment.
- Superior location. Again, because of the SRF, Dragon Fitness Training will operate right on campus, making it as convenient as possible for our student clientele.
- Unique business model. Using students as trainers will result in low labor costs and correspondingly low service prices.

Weaknesses:

- Student trainers lack any certification or professional personal training experience.
- Byron Bunda lacks any experience in the personal training industry and has little business management experience.

Opportunities:

- There are no personal training companies currently serving UConn's student body.
- The college student age segment is very interested in looking good and being in shape.

Threats

- Any physical activity carries with it a high risk of personal injury. Although the company will be protected by waivers of liability, litigation could still be costly.

Administrative Plan

Byron Bunda will be the President. He will be in charge of all managerial aspects of the company. He will employ as many personal trainers as is necessary to fill the demand. Personal trainers will be paid \$6 per training session completed. \$4 of every training session will go to DFT. After this revenue covers all the expenses, the remaining profit will be kept as a cash asset. At the end of the semester, the company will pay a salary to Byron Bunda.

Risks

There is a risk that not enough students are interested in personal training. This is why marketing and advertising will be essential during the beginning stages of the company as DFT builds a name for itself.

Once the company is established, the largest risk it faces is litigation. Physical exercise can easily lead to injury. There is the risk that a personal trainer suggests something to a client that results in the client becoming injured. DFT will require a

general waiver of liability from both the trainers and the clients. Even with the waiver though, DFT may incur legal fees if the client still decides to litigate.

Capital Requirements

It is estimated that in order to open for business, Dragon Fitness Training, LLC would require one thousand dollars of start-up capital. Byron Bunda as the sole owner will provide all the capital required to start.

Financial projections have been set to model a very gradual progression. Although survey results have indicated that 72% of UConn students may utilize fitness training services if they were affordable for college students, DFT believe that it would be prudent to proceed cautiously and start gradually rather than launch an extensive advertising campaign, resulting in greater customer interest than the small business structure is able to handle.

DFT estimates that in its first week of business it might begin with only five sessions occurring. By months end, this number will accumulate to 50 for the month. The following month, DFT hopes to perform 100 personal training sessions.

Evidently, the costs of starting a new business are greater than the amount of revenue the business generates during the first month. However, by month two, operating costs will be low enough that it will end with a profit of \$390. Thus, by the end of month 3, DFT hopes to make back the deficit accumulated in month one. Alternate forecasting with a 30% reduction in demand still results with a profit at the end of month two, however it will take longer to repay the startup costs.

DFT believes that there is sufficient demand that there is sufficient interest in personal training at UConn that given sufficient time to grow, in a few years DFT could serve hundreds of UConn students each week, employing a large staff of trainers and managerial personnel to handle all the operations of a larger, more well established, thriving business.

Appendix 1

Financial Projections

MONTH 1

<i>Category</i>	<i>Description</i>	<i>Units</i>	<i>Cost</i>	<i>Total</i>
Revenues				
Personal Training Services	Estimated 5 in week 1, 10 in week 2, 15 in 3, 20 in 4	50	10	500
Expenses				
	Flyers	100	.05	5
	Miscellaneous Startup Fees			100
	Trainers T-shirts	10	10	100
	Website creation			500
	Monthly website fees			5
Trainer's Fees		50	6	300
Total Expenses				1010
<u>Net Gain/Loss</u>				-510

MONTH 2

<i>Category</i>	<i>Description</i>	<i>Units</i>	<i>Cost</i>	<i>Total</i>
Revenues				
Personal Training Services	Estimated 25 per week	100	10	1000
Expenses				
	Flyers	100	.05	5
	Monthly website fees			5
Trainer's Fees		100	6	600
Total Expenses				610
<u>Net Gain/Loss</u>				390

Financial Projections Given a 30% Demand Decrease

MONTH 1

<i>Category</i>	<i>Description</i>	<i>Units</i>	<i>Cost</i>	<i>Total</i>
Revenues				
Personal Training Services	Estimated 5 in week 1, 7 in week 2, 10 in 3, 13 in 4	35	10	350
Expenses				
	Flyers	100	.05	5
	Miscellaneous Startup Fees			100
	Trainers T-shirts	10	10	100
	Website creation			500
	Monthly website fees			5
Trainer's Fees		35	6	210
Total Expenses				920
<u>Net Gain/Loss</u>				-575

MONTH 2

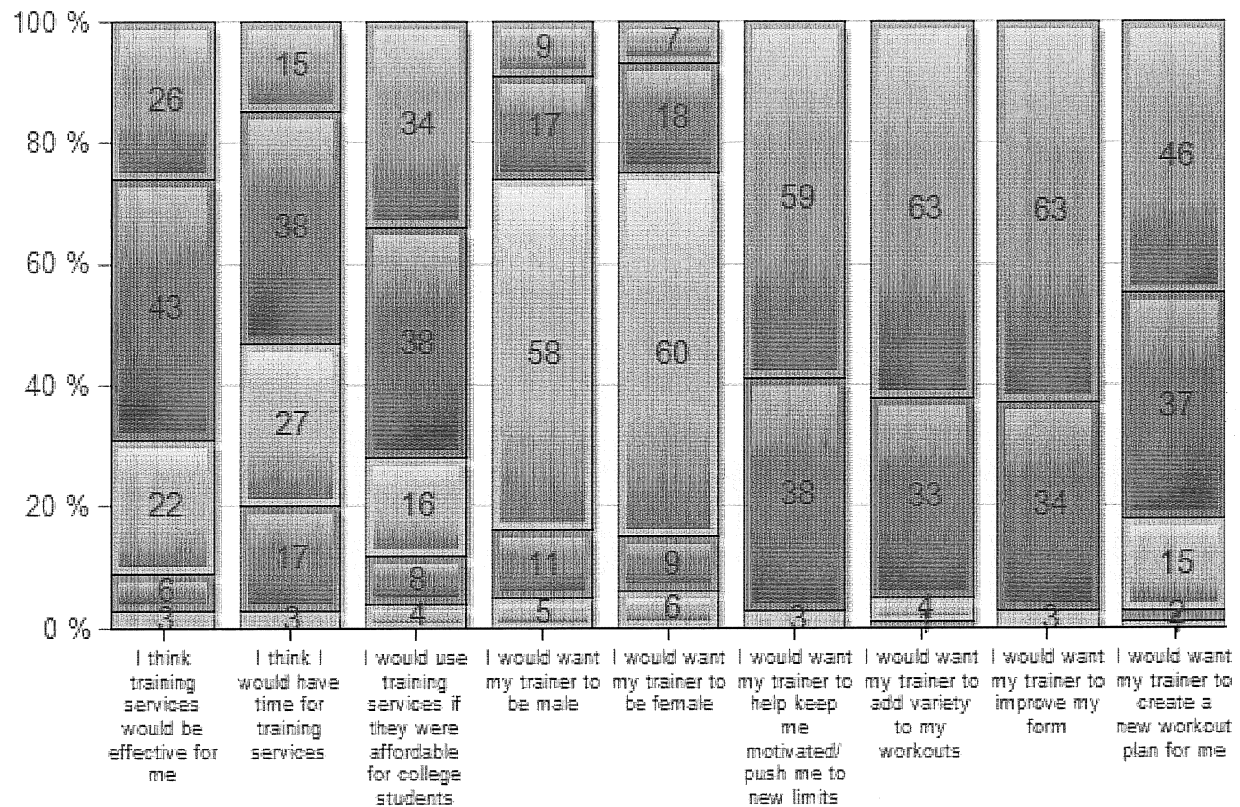
<i>Category</i>	<i>Description</i>	<i>Units</i>	<i>Cost</i>	<i>Total</i>
Revenues				
Personal Training Services	Estimated 17 per week ongoing	70	10	700
Expenses				
	Flyers	100	.05	5
	Monthly website fees			5
Trainer's Fees		70	6	420
Total Expenses				430
<u>Net Gain/Loss</u>				270

Appendix 2

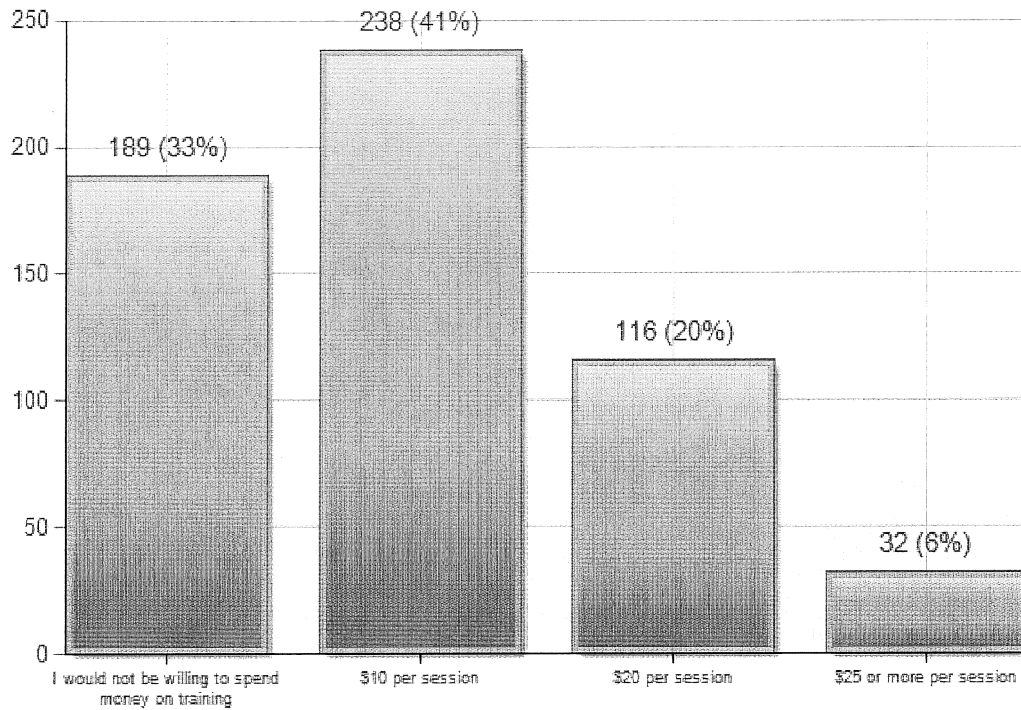
Selections from Market Research Survey Data

For the following statements, please state whether you Strongly Disagree, Disagree, are Neutral, Agree, or Strongly Agree.

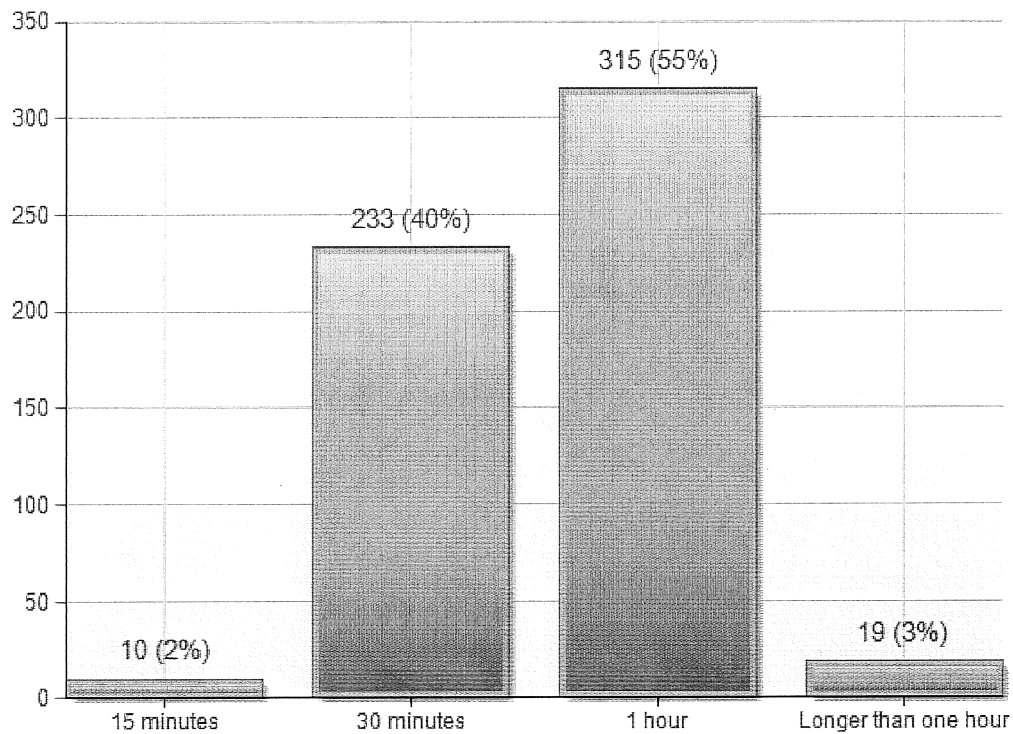
Strongly Disagree Disagree Neutral Agree Strongly Agree



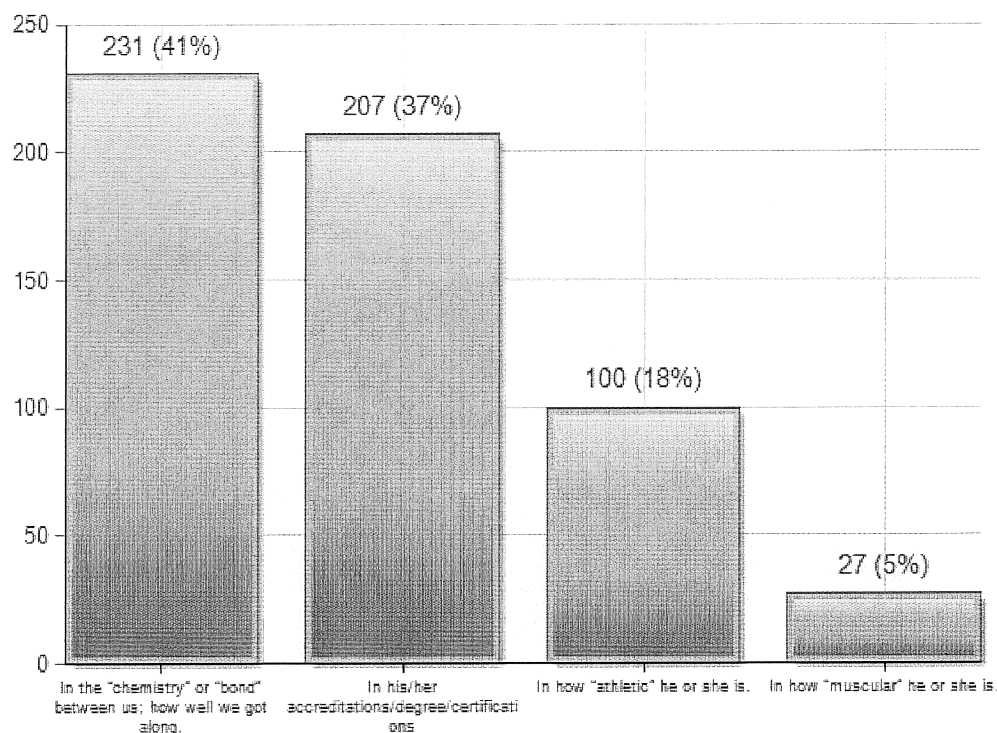
Assuming training services met all my fitness needs, for the session length selected in question 10, I would be willing to spend at most...



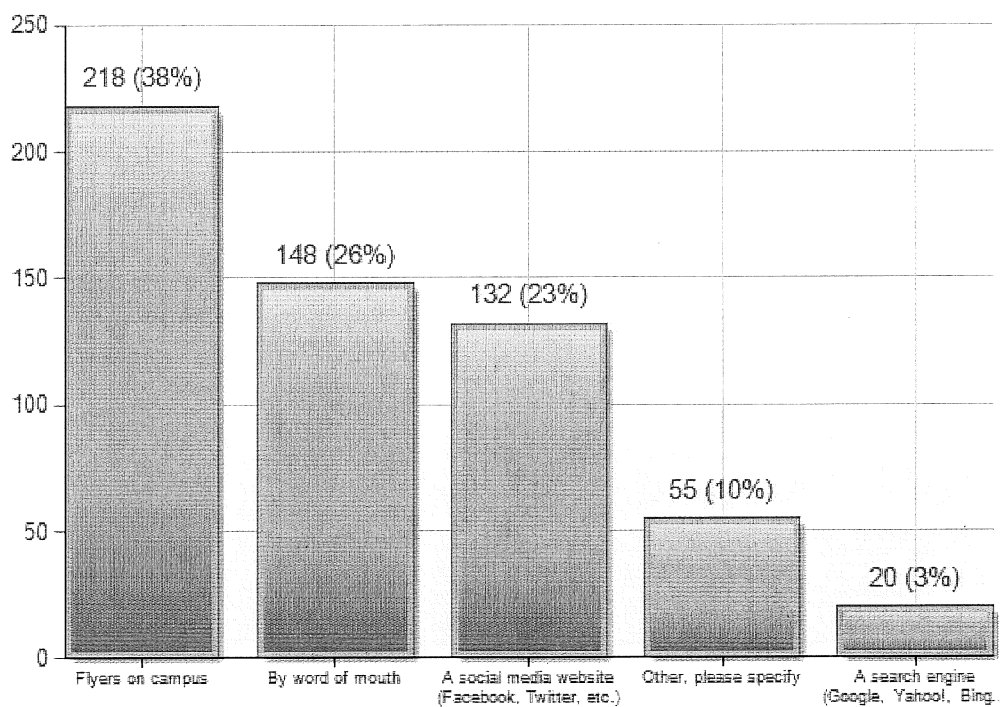
An ideal personal training session would last...



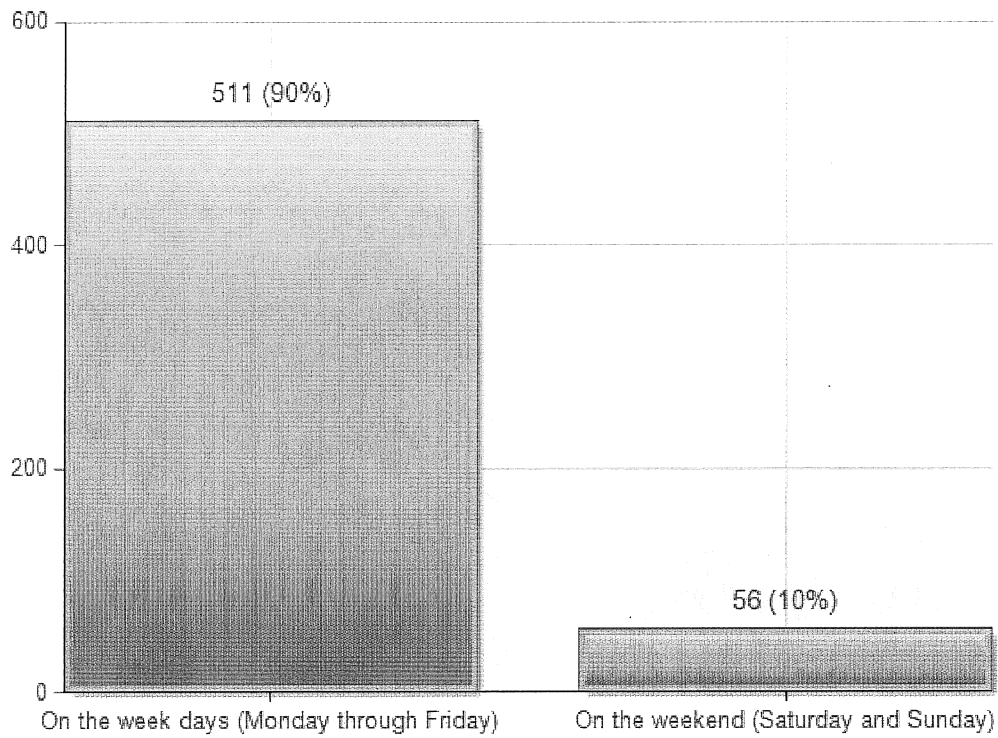
If I had to pick a trainer, I would be most interested...



What would be the most likely means you would find out about such a service offered at UConn?



I usually work out more...



I usually work out...

