



**HOW TO  
OPEN A GYM**

**WE SEE**   
**GYMS**

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## HOW TO OPEN YOUR OWN GYM (PART 1)

Fitness is booming and with the increasing number of corporate wellness programs and health insurance incentives, opening a gym appears to be full of opportunity. However, with all of the different options (trends, facility type, commercial gym equipment, programming, etc.), taking that first step in opening up a gym can be daunting. This two-part series should shed some light on where to begin and provide resources for learning more about the gym business.



### WHAT TYPE OF FACILITY SHOULD I OPEN?

What type of facility should I open?

Deciding what type of facility you'd like to open is an excellent starting point. There are nearly limitless options, ranging from the one-stop shop that offers something for everyone to niche facilities.

Aligning the type of facility you're planning on opening with the area demographics is paramount.

For example, if the area you're opening in has a median resident age of 55 and the population is more than 60% female, you probably don't want to open up a mixed martial arts facility that focuses on private grappling sessions.

Most government or small business assistance organizations have a portal to access detailed demographic data in your area. In the United States, a resource called [Stats America](#) provides demographic data on the state, county and metro area level.

Of course, possessing a certain degree of passion for the type of facility you're planning on opening and the clientele you'll be assisting aids in overcoming adversity. Your genuine excitement and the enjoyment that you derive from running a business you truly believe in is one of the biggest advantages to succeeding.

### KEY TAKEAWAYS

- ✓ Make sure your facility caters to the area demographics.
- ✓ Play to your strengths (e.g. don't open a Pilates studio if you're an avid indoor cyclist).
- ✓ Be passionate about the business and love what you do.

## SHOULD I OPEN AN INDEPENDENT FACILITY OR PURCHASE A FRANCHISE?

Depending upon your experience, you may feel confident in starting the business from the ground up with little to no outside support. This is an exciting approach, and it gives you the freedom to offer whatever you'd like inside of your gym. However, creating a strong brand and minimizing start-up costs may become a challenge.

First-time business owners and/or those new to the fitness industry may feel more comfortable purchasing a franchise. This strategy is usually a little more palatable compared to opening an independent facility as the concept has a proven track record, step-by-step support, and low start-up costs. However, what you're gaining in support and purchasing power may limit your creativity in terms of the products, services, equipment, etc. that the franchise allows inside your facility. You may also need to budget for monthly royalties on top of an annual franchise fee in your business plan.

There are pros and cons for each approach, so be sure to utilize a strategy that works best for your needs. A quick internet search turns up hundreds of different fitness franchise opportunities. You may also consider joining an industry organization, like [IHRSA](#), for access to industry reports and resources that can give you more insight into these topics.

## KEY TAKEAWAYS

- ✓ Independently owned facilities can offer more freedom/flexibility but may lack brand recognition.
- ✓ Franchises offer a great deal of support but there is a cost associated with this infrastructure.
- ✓ Do what's best for your specific needs.

## HOW SHOULD I FUND THE PROJECT?

Business practices and financial disciplines are extremely varied. There is no financial Holy Grail when it comes to planning the financial end of your gym business. However, making sure that your financial strategy fits within your means, is conducive to continued growth, and is free of any hidden fees should be part of any plan.

One of the most common funding options is the use of a [Small Business Administration \(SBA\) loan](#). This will likely offer the most competitive rates and allow you to allocate funds to be used toward tenant improvement (TI) costs (flooring, lockers, mirrors, etc), and equipment. However, the application and approval process is rather extensive and may not work with your business timeline.

Some gym owners prefer utilizing equipment leases or finance options directly through the fitness equipment manufacturer, as this offers a great deal of convenience. However, rates may not be as competitive compared to an SBA loan or a third-party leasing/financing company but the terms are generally very straight forward and have no hidden fees. Unfortunately, the lease amount is only applicable to the company's equipment so TI and other essential equipment cannot be included. Gym owners looking for leasing convenience with a little more freedom may have better luck going through a third-party company because they sometimes offer rates that are more competitive than what fitness equipment manufacturers are able to extend. Some of these companies even cover TI expenses and other equipment costs. However, residual lease (no ownership of the equipment at the end of the agreement) practices that do not offer a buyout option are commonplace and can leave gym owners in a tough spot. Good buyout options allow the leaser full ownership of the equipment and possess a higher percentage of equity in the business compared to what's offered in residual values.

Whether you're utilizing a traditional loan, leasing to own or utilizing a residual lease, make sure to partner with a fitness equipment manufacturer whose products hold a high resale value and have spare parts that are readily available.

## KEY TAKEAWAYS

- ✓ Ensure that your financial strategy is within your means and conducive to continued growth. Read the fine print and be cognizant of any early pay-off penalties.
- ✓ Know the difference between leasing to own and a residual lease.
- ✓ Partner with an equipment manufacturer that has a high resale value and continues to manufacture parts for older models.

## HOW TO OPEN YOUR OWN GYM (PART 2)

In Part 1 we discussed the different types of facilities one can open, the differences between a franchise and an independent club and funding options. In this installment, we delve into the world of finding a property and floor planning.

## LOCATION, LOCATION, LOCATION!

Deciding where to open your fitness facility is easily one of the most important factors for determining your success or failure. According to IHRSA's Guide to the Health Club Industry for Lenders & Investors, "the trading area for clubs in competitive markets extends no more than 10 to 12

minutes travel time from the club, which translates into no more than five miles from the club site.” Lack of convenience and lack of close proximity are frequent reasons for members to quit a gym.

This is why demographics and feasibility studies are so important in the planning stages. Be sure to identify your target area (population, size of the area, and commute time) before committing to a location. It's also important to be aware of projected growth in your target area so your existing location can accommodate more members in the future.

You also have to be cognizant of anchor tenants (other businesses in the vicinity), visibility, and traffic counts as these can all drive business to or away from your facility. Try to surround your business with others that support your vision and welcome your target population. Setting up shop behind the chemical plant and dive bar may not be the best way to drive traffic into your family fitness center.

Parking is often overlooked when selecting a property. According to architect Hervey Lavoie of the Ohlson Lavoie Corporation in Denver, you should plan on one parking space for every 12 to 15 members in a suburban club. (This accounts for the impact of public transportation and multiple passengers per car.)

## KEY TAKEAWAYS

- ✓ Make sure the site you select is in close proximity to your target population and convenient for them to access.
- ✓ Do your homework and be certain that the area demographics will support your business plan.
- ✓ Don't overlook who you're opening up next to and whether there is enough parking.

## THE ART OF FLOOR PLANNING AND EQUIPMENT LAYOUT

Creating a welcoming and non-intimidating environment inside your facility is just as important as a good location. There are limitless effective design schemes out there but ensuring that your space is created with a purpose and follows the overall functions of the club should be top priority.



A gym should be inviting and create energy. This can be done with smart lighting, the effective use of color and a sensible layout. A typical fitness floor plan can attempt to weave the following into a seamless flow:

- ✓ Reception
- ✓ Offices
- ✓ Locker rooms / changing rooms / restrooms
- ✓ Main fitness floor
- ✓ Studios (personal training, group cycling, group exercise, etc.)
- ✓ Utility room
- ✓ Storage
- ✓ Staff facilities (break room, restrooms, etc.)



Each area of the gym should flow into the next ensuring that members have convenient paths of travel throughout the building. Equipment should always be placed according to recommended spacing as well as reflect accessibility guidelines to provide equal access to all members. The strategic placement of equipment on the main fitness floor should also be dictated by function, member demographics, and facility programming.

Depending on your facility's goals, there are different approaches to creating an effective fitness floor.

**Create a variety of specific and separate fitness spaces.** Separating free weight, cardio, selectorized strength and other areas creates clean sight lines and can minimize intimidation of new or potential members. For example, by creating distance between advanced training spaces and areas that are geared more towards exercisers new to fitness, semiprivate training environments can be achieved. You may have members with little to no interest in free weights. So why should they have to walk through a row of power racks to access the treadmill?

Keep in mind that some exercisers don't want to be on public display during their workouts. So rows of new cardio equipment don't necessarily need to be placed in high-traffic areas. Make sure you give members the option of privacy.

**Use small group training as a hub of an open fitness room.** A small group training area directly on the main fitness floor can create excitement and encourage members. Consider surrounding a large SYNRGY360 unit with cardio equipment that can be incorporated into group training or used by individuals.

**Create dedicated personal training spaces.** Personal training can drive a lot of revenue, and it can help members stay encouraged and keep them coming back to the gym. Allocate spaces where personal trainers can work with exercisers away from the general public.

**Allow for flexibility.** Have the ability to change with the wants and needs of exercisers. For example, some older health clubs opened in the late 1980s and early 90s with busy racquetball courts. As the popularity of the sport declined, these courts turned into unused rooms and storage spaces. Now, some of those clubs are benefiting from the boutique boom and turning those courts into specific boutique-type training areas that host classes like group cycling, performance strength training and yoga.

Regardless of the layout approach, the design should always seek to enhance members' fitness experience to the fullest.

## KEY TAKEAWAYS

- ✓ Ensure that your facility is welcoming and not intimidating.
- ✓ Maintain a bright and open design.
- ✓ Ensure that each area of the gym can easily be accessed by all members.
- ✓ Equipment should be strategically and purposefully placed to meet the needs of your members.
- ✓ Be prepared to change to appeal to what exercisers want.

## HOW TO OPEN YOUR OWN GYM (PART 3)

In Part 1 we talked about different types of facilities and financing options. In Part 2 we addressed choosing the right location and smart layouts. Once you've figured all of those difficult decisions, deciding on your equipment should be relatively easy.

## EQUIPMENT PURCHASING: QUALITY WINS IN THE LONG RUN

Deciding what brand and type of equipment to utilize in your gym can be confusing. Most manufacturers offer several different lines of equipment and within each line, there are typically



different models, entertainment options, colors, upgrades, etc. Partnering with a local sales representative can be an invaluable tool in sorting through a manufacturer's catalog, gaining in-depth knowledge about the features and benefits of each product, and ensuring that the right products for your facility and members are being selected.

While it may be tempting to utilize lighter duty products to minimize cost and maximize profits, you'll undoubtedly eventually see a shorter product lifespan, multiple service calls and a nonexistent trade allowance. The tempting low price tag ultimately costs more in the long run, so be sure that the product line and model you select is reliable enough to meet the demands of your facility and members.

Keep in mind that a trusted manufacturer offers essential post-sale support, including reliable service and preventive maintenance that keeps your equipment performing.

## A SMART EQUIPMENT MIX

Be sure that the equipment you select caters to your target population. Unless you're opening the doors to a very specific type of facility (e.g. powerlifting space, kickboxing gym, Pilates studio, etc.) be sure to offer something for everyone. Know your audience, but don't necessarily limit your offering.



For example, encourage members to progress in their fitness journey offering selectorized strength equipment and free weights. Olympic lifting on a Hammer Strength rack may initially seem intimidating to new members, but after some experience with strength training, many novices may step up to the challenge and adopt this effective form of training.

## A SMART EQUIPMENT MIX

Cardio equipment connected to the internet can provide you with valuable asset management information about what equipment is being used and when it's being used the most. This informs you of both peak times in your facility (which helps you make smart staffing decisions) and the popularity of each piece of equipment (which can guide future equipment purchases).

Keep in mind that many exercisers are digitally savvy, and many likely use fitness apps to track their progress. Consider cardio equipment that's compatible with these apps and the digital experience that exercisers are used to.

## **CONSIDER "TRENDS"**

Finally, while it's nice to offer cutting edge fitness trends that are exciting and new, exercisers still have plenty of interest in staples that never go out of style. Be sure to address "trending fitness" items when deciding on equipment, layout and staff.

- ✓ Body weight training
- ✓ High-intensity interval training (HIIT)
- ✓ Educated and experienced fitness professionals
- ✓ Strength training
- ✓ Group training
- ✓ Personal training
- ✓ Functional fitness
- ✓ Group personal training
- ✓ Circuit training

## **KEY TAKEAWAYS**

- ✓ Consult with industry experts on which equipment provides the best solution for your needs.
- ✓ Budget appropriately so you can spend the extra money on high-quality, reliable equipment.
- ✓ Offer equipment that your target population(s) want and need.
- ✓ Realize the importance of the digital experience.
- ✓ The majority of what you offer should be tried and true fitness activities, which are still on trend. Producing results never goes out of style.

## **SUMMARY**

This guide is an outlined on the basics for opening a gym. Our objective is to give you some insight for making an educated decision when deciding to open a gym business.

Opening a business can be a fun and exciting opportunity but you should talk with experienced consultants and align yourself with knowledgeable advisers who can help you each step of the way.