

Entrepreneurial Project

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OPENING A GYM IN BARCELONA

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1. BUSINESS CONCEPTUALISING AND JUSTIFICATION

1.1. Personal characteristics and motivation

I am 21 years old and, at the time I had to choose a degree, I was pretty confused, because I don't have a vocation for anything. I used to compare myself with my group of friends, as all of them had very clear what they wanted to become in a future (odontologist, architect, designer, and journalist), and I felt really disappointed when I saw I was not passionate for any degree. When I finished high-school, I had clear that I wanted to become a biologist, as for me it was the most interesting subject, but after two weeks having started my scientific bachelor, I realized that I didn't want to work in that field (I hated the afternoons in the laboratory, I couldn't find the interest on analyzing blood samples or performing chemistry experiments).

It was through multiple conversations with my parents (specially with my dad), when I decided to start my first degree in business administration (and also innovation, a field which I had never touched before and that after having started my degree I like the most). My father works in the field of business administration, he is the financial director of an Italian multinational, and he always told me that if I was doubtful about which degree to choose, business administration provides you the necessary knowledge to work in many other fields. Also, I had read before some books of business and economy recommended by my father, which I found really interesting, and I had also worked during two years in my uncle's company doing tasks such as preparing invoices or accounting.

Considering my previous experience and knowledge, and my feeling of always having wanted to own something which has been created by myself (a company or a service) I came up with this entrepreneurial project, that is exactly the business I would like to have if someday I had the opportunity of opening a company.

So now the question is, why a gym?

Since the beginning I knew that I should have passion and devotion for the company I would like to open, in order to keep motivated, which is very important to me, because I need to be interested on a thing so I can keep working on it, and this is the reason why I doubted between my two passions (and the two things that keep me motivated day by day): tennis and fitness. Tennis is the sport I've practiced since I'm 4 and I've devoted many hours to it; I used to train 3 hours every day during the week plus the weekend competitions, and I achieved some ATP points, but I decided to stop when I started university because it started being more like an obligation rather than a passion. At that point, I just played tennis in the weekends with people from my club, but I felt I needed to find something else that gave me that plus of motivation, so that was the moment when I entered into the fitness world.

At the beginning, I had no clue about how the machines worked and I made the mistake that most women do when they start in the gym; just use cardio machines and not going to the strength room (*strength or weight room is a room containing equipment for weight training, usually separated from the cardio room*) because I felt ashamed as I didn't know what to do. For this reason, I hired a personal trainer who instructed me for 6 months, and later I started going to the nutritionist to start my first bulking diet (*a bulking diet involves eating more calories than you need, in order to put on weight, then building muscle*). Now that two and a half years have passed since I train fitness, I realized that I want to continue with this lifestyle all my life, as it makes me feel good (physically and mentally). Also, every time I go to a different gym (for example, in the hotels where I travel or when I ask my friends for invitations to their gyms) I pay a lot of attention to the machines (especially if I have never seen them before) and I think about what I would change in that gym, or what it lacks. So this is the reason why I already have a slight idea in my head of how my perfect gym would be.

However, there are some parts of the work that may represent an obstacle, due to the lack of knowledge (it is mentioned above above that my degree and working experience could be useful, but I have never worked alone in a real-life case of starting a company, so I may get struggled in developing the financial plan). Courses such as financial accounting and business administration may be very helpful for the financial part of the work, as well as subjects related to entrepreneurship. Another difficulty would be the marketing part; during my degree, many marketing courses have been studied but it is not my “strength”, and having to develop a marketing by myself will be difficult. Another concern is that I am not an expert in the fitness sector, so I am not completely sure about which machines I should buy for the gym or which are the legal procedures required in order to open a gym, but I know some trainers and other people who work in the fitness sector and they could help me with that. Finally, I consider that this work is a good opportunity to put in practice all that I have learned during these four years, and maybe it helps me to realize if this is what I want to do in my near future.

1.2. Objectives

The main goal is to develop a business plan for the creation of a gym in the area of Barcelona. In order to achieve the main goal, several sub-objectives should be achieved first:

- To study which is the actual situation of the fitness sector in Spain.
- Develop the business model and value proposal for clients.
- Decide which will be the location of the gym, in order to determine an approximation of the market share.
- Develop a marketing plan, which will make the company visible.
- Research of the legal enforcements and regularities that affect the functioning of the gym.
- Develop an economic and financial study, as well as the sales forecast.
- Determine the economic viability of the project and the conclusions.

1.3. Actual situation of the fitness industry

Before starting with the business model, it will be provided a brief background regarding how was and how is nowadays the situation of the fitness industry in Spain, as it has been one of the most affected by the covid-19 pandemic.

Restrictive measures in gyms around the world have provoked significant losses in the turnover of all operators, who are facing now a totally new scenario (which will be interesting for the upcoming financial part of the project, in order to calculate which would be the minimum required in order to keep the company “alive”). Figure 1 represents the turnover variation in Spanish gyms during the year of the pandemic:

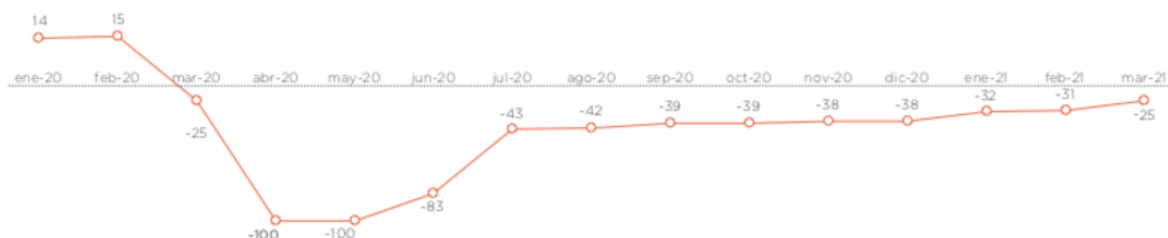


Figure 1 - Fitness business in Spain during Covid-19 year I Source: Valgo y Fneid, 2021

Some gyms have either been forced to shut down or have lost many members, and most of them have opted for digitalizing their business by fitness home (launching online training programs). However, now that the situation has more or less stabilized, there are many opportunities surrounding the industry, and as Tim Green (head of marketing in TeamUp) says: *“the fitness industry is seeing a mini-boom. Consumers who have missed the social interaction and motivation of in-person classes are excited to be back and are spending more than ever”*. This is because, thanks to the lockdown, many people realized about the importance of being healthy and exercising the body, and most of the people who didn't go to the gym before now see the importance to do so. Furthermore, gyms who survived to the pandemic are now ready to face all upcoming scenarios, and are aware of which is the minimum needed to survive (also, a situation similar to what happened in 2020 is unlikely to be repeated, and if it does, fitness centers will be prepared).

Leaving the pandemic aside and talking about nowadays, a study developed by Palco23 (a diary that provides economic information related to the sport business in Spain), talks about the fitness industry, its evolution and its main operators. In figure 2 it can be seen that the American market is the most developed in terms of fitness business (followed by Europe):

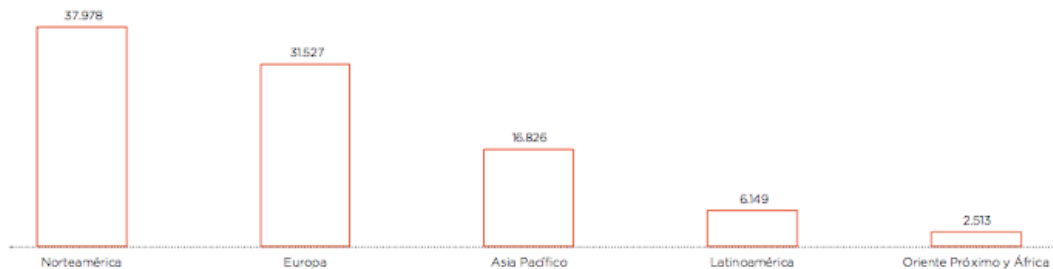


Figure 2 - Fitness business in the world | Source: Ihrs, 2019

The study also mentions that the American fitness market *“is conditioned by the weight of the US, which marks the global tendencies of this sector”*.

Regarding Europe, figure 3 shows the fitness business in each country, and it positively shows that Spain is in the 4th place, which means that the country has great potential for the fitness industry.

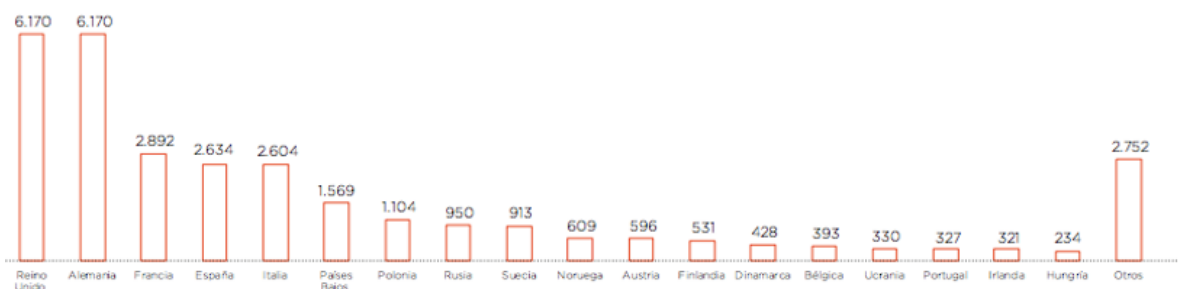


Figure 3 - Fitness business in Europe | Source: Ihrs, 2019

1.4. Target audience and Business Model

The gym will be located in the suburbs of Barcelona, in between Barcelona and Hospitalet de Llobregat (the reasons are further explained). From that location, the closest municipalities are Cornellà, Sant Just d'Esvern, Esplugues de Llobregat and Hospitalet de Llobregat, and the Barcelona districts of Les Corts, Sarrià-Sant Gervasi, Sants-Montjuïc and Eixample). From all these locations, it would not take more than 15 minutes by car to arrive. Furthermore, the place is of difficult access by public transport, so customers may own a private transport (this is another reason why people below 18 won't be inside my potential customers).

In order to define the customer segment, the number of existing people according to the population census developed by the respective councils of the selected municipalities is going to be considered (appendixes I, II and III). These municipalities are Barcelona, Hospitalet de Llobregat and Cornellà, as they are the ones closer to the location.

It can be observed that all pyramids are regressive, which means that adults predominate, and natality and mortality are very low. According to these pyramids, two segments of customers have been defined;

- a) Youths between the age of 19 and 39: These group includes males and females who care about their health, as well as their physical appearance, and enjoy training with machines. Some of them may have more experience in the fitness sector than others, but all of them are looking for a gym with an inspirational environment and big facilities, so it is not crowded during peak hours (which is the main problem of gyms in the city center).
- b) Adults between the age of 39 and 69: In this case adults who have tried everything to lose weight (without success) would be included, who have also tried traditional gyms in their neighborhoods but are tired of them. They also feel motivated by training surrounded by young people, and they enjoy big facilities in a quiet environment.

It has to be mentioned that these segments are very general, as they are only based on age, but further on more segments derived from the previous ones are going to be defined, and they consist of dividing customers according to the fitness goal they want to achieve.

Business Model – Canva



- **Key partners:**

The relation with key partners is very important; for example, regarding the trainers, it will be needed a team of trainers who understand what it is trying to be transmitted, and who have the same interests as the manager (me) has. They are also going to be key for customer loyalty, because when you are in the gym you appreciate seeing motivated trainers who want you to achieve your goals and being part of the process. The same applies for nutritionists, and I find that nowadays there is a problem surrounding the nutrition field: as there is that current trend of having a healthy lifestyle, many nutritionists took advantage of it and have many clients (who barely know) and send the same diet to all of them, without showing any interest, as their only purpose is making money (and also taking advantage of desperate people who have tried everything to lose weight). For this reason, the nutritionist who works in the company will be carefully chosen. Regarding suppliers of supplementation, first it should be distinguished which types of supplementation are going to be sold (protein powder, creatine and pre-workout) and all of them will be Spanish suppliers, taking advantage that in Spain we have good supplementation brands and also to reduce transportation costs. The problem will remain in suppliers of equipment (this does not include only machinery, but also stuff for the bar such as snacks and energetic drinks), as they will have to be imported from America, so costs will be high. In this case, it will also be important to establish a good relationship with suppliers, in order to take opportunity of cost reductions. Regarding facilities, the gym will be located in the area of Barcelona, but not in the city center, as the ground is very expensive, and a lot of space will be needed. The place desired will rather be an industrial building located in the suburbs of the city but with an easy access.

- **Key activities:**

The most important activity will be providing fitness instruction to customers, and this will require a group of qualified trainers. Locating trainers around the different rooms of the facilities will be crucial because, as mentioned above, one of the biggest problems in most gyms is that clients use machines without knowing how they work, and there are no instructors present in the room to teach them (and if there are, they rarely interfere). Matching clients with trainers will also be an important activity; it is not easy to find a personal trainer with whom you are comfortable with, some clients prefer to have a man while others prefer a woman, so it will be important to establish strong and long-term trainer-customer relationships.

- **Key resources:**

Equipment and facilities have to be carefully chosen, as the location of the facility will be very important (if it is easy to access by car or public transport, for example). Equipment includes the machinery and functional material. Also, a good staff and trainers' team will be crucial to increase customer loyalty and engagement.

- **Key propositions:**

Changing customer's lifestyle means, on the one hand, helping them to start in the fitness world and getting familiarized with the machines or, on the other hand, helping customers who already have experience in the field to continue growing and providing them an inspiring environment to do so.

- **Customer relationships:**

In the canva it is written *'at least once a week'* referring to the contact between trainer and client, but this can vary depending on the availability of the client or other factors. However, it should be considered the importance of having at least one contact per week in order to not lose the motivation, specially at the beginning, when the client needs more supervision. The most important customer relationship is creating a community between trainers and customers, an environment where everybody feels comfortable.

- **Channels:**

The main channels that will be used to reach customers will be social media and word of mouth. Social media will be used in order to engage customers and have interaction with them (for example, reposting their Instagram stories) and the activity on social media will be high (mostly Instagram and Facebook). Regarding word of mouth, it is very important when it comes to gyms, as most of the people that go for the first time to try a gym it is because someone recommended them.

- **Customer segments:**

Above, customer segments have been defined demographically, but there will also be a classification according to the sportive preferences and goals of the customer. The first segment are powerlifters (*powerlifting is a strength sport that consists of three attempts at maximal weight on three lifts: squat, bench-press and deadlift*), as powerlifting is a sport that needs special material and an adapted space and most of the gyms don't have it. There will be a space for them so they can lift heavy weights without bothering the rest with the noise. Other target audience will be people who already have an experience in training fitness and look for a specialized place and environment to do so. In this case, the problem lies in the fact that experienced people may already be loyal to a gym, so the gym should be strongly advertised and implement free trial days in order to engage these customers. It also happens that you think you are loyal to your gym until you try another one. The other main customer segment will be males and females above the age of 18 who want to become fit (that is to say, people who don't have any experience yet). It is specified from the age of 18 because 'kids' are not intended to be my main customer segment (as mentioned before, the gym won't offer group classes or other activities aimed for the youngest ones), but if they want to train with machines, the entrance will be allowed even if the customer is under 18. Also, as mentioned before, the location is of difficult access by public transport, and not all people with the age of 18 own a car. All the previous segments mentioned must share this characteristic; *people who want to become part of a community*. With this it is meant to say that it is important to create an atmosphere of motivation, where everybody helps each other and people can learn from others, so customers should be ready to join a community.

- **Revenue streams:**

The most important source of revenue will be client's subscription fees. In addition to that, a part of the income will come from trainer's fees and also from merchandise and supplementation sold. Furthermore, more income will be generated though renting an office to a nutrition specialist.

Value Proposal

The main characteristic that differentiates the company to the competition is that the gym is going to be inspired in American gyms. It can be seen in the graphics of the fitness industry around the world that the fitness industry is much more developed in America than in Spain, and American gyms (especially in the USA) are the most impressive ones in terms of installations and services offered.

Furthermore, leaving the fitness business apart, if we talk about fitness culture, there is also a big difference between America and Spain; here in Spain there is the stereotype of the strong and arrogant guy who trains every day and drinks protein shakes, or the obsessed girl who is afraid of gaining weight. This is because fitness is not very popular here and people feel the freedom to judge the ones who train, but fortunately the industry is constantly growing, and it is becoming more popular every day. There is an interesting article written by Enrico Martinez published in Asturias Spanish TV called "*A quick look at the gym culture of the US and Spain*", which also highlights the big difference that exists between women training in the US and in Spain (this is also superficially mentioned in the introduction). The article has one first part called "the gym atmosphere in Spain" where the author states that "*very few female residents go to the gym*."

Most women find it uncomfortable to lift heavy fitness equipment or do “masculine” activities inside a gym. In some cultures, female fitness is so defamed due to the ideals imposed by the Western feminine beauty which reiterates that women must not be muscular but rather slim”. In the other part of the article called “the fitness arena in the United States” Enrico mentions that “female fitness carries a lesser stigma in the United States than in Spain, thus both sexes are fairly equally represented in gyms. They may still be among the minority, but at least they feel free and empowered to live a healthy lifestyle by going to certain gym centers”. The final words of the author represent exactly what I think about the problem that exists in our country; “the gym culture in the United States and Spain mainly differs in the gender population. The American fitness world is very open to both females and males, unlike in Spain”.

The following are the characteristics in which the gym is going to be differentiated from the rest;

- **Sophisticated machinery:** Most of Spanish gyms don't give importance to strength machines and haven't changed them in 20 years. It is true that it is a huge investment but good brands last much more time and it is an incentive for a customer when you feel that the machine is new and does not jam. The brands included will be Hammer Strength and Life Fitness.
- **Freedom to lift the desired weight (powerlifting):** Here, gyms are not adapted or don't have the space to do heavy liftings (what powerlifters do). Personnel always call the attention to people who try to do it, which is understandable, because of the noise that it causes and that the material is not the adequate, so it can be easily broken. This is the reason why powerlifters normally train in gyms which are specialized for their discipline, but the company will have a space dedicated to them.
- **Instructed employees** in the strength room willing to help. It is very common to see people using the machines with a wrong technique, or putting more weight than necessary, which is dangerous because you can easily get injured. In most of the gyms there is no personnel willing to show you how machines work or how to apply the correct technique, which is not understandable because at the time to start to practice any kind sport (for instance, football, basketball, swimming) there are trainers who teach you the different techniques, so why in gyms is different and people have to learn by themselves?
- Include a **bar** and a **specialized shop** that sells prepared protein shakes and bars, energetic drinks, supplementation and merchandise. Supplementation is referred to boosters for performance, such as creatine, glutamine, amino acids and pre-workouts (which would economically be very beneficial for the gym, as here in Spain they can only be bought on the internet, as there are few specialized shops, so customers may prefer but it in the gym rather than through internet).
- **Sell merchandising** from the own gym brand. Selling merchandise is a good way to potentialize your brand and create a community. Products that will be sold are man and woman t-shirts, sweatshirts and socks. It is also a good way to promote the gym, as customers may wear the clothes in other occasions.

In order to determine an approximation of the number of clients of the company, first it should be distinguished to which of the following groups the gym would belong: low-cost gyms, high value gyms or administrative concession (referred to the municipal sport centers managed by the city council). As a high investment will be required (for installations, machinery, supplements shop and trainers) a high quota will be settled at the beginning, to make it more exclusive and increase value.

Considering that it will be a high value gym, figure 7 shows the average users of sportive installations in Spain for 2019:

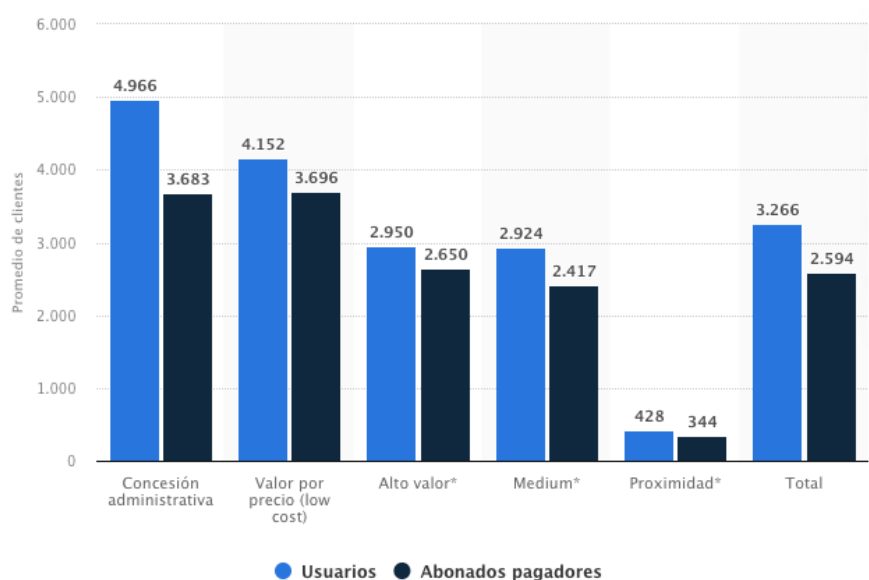


Figure 4 – Chart of average users of sportive installations in Spain | Source: Statista, 2019

If we look at high value gyms (only considering the black column) it can be seen that the average is in 2650 users (but it should be said that this was in 2019, and the situation has highly changed due to Covid-19 pandemic, so it is merely an insight).

1.5. Potential Competition

The potential competition will be divided at three levels: national (Spain), international (America) and local (Barcelona). For national and local levels, a competition matrix is developed according to two characteristics: high-quality machinery and powerlifting area.

Explanation of the characteristics

Regarding high-quality machinery, it is referred to the brand of the machines, which is a crucial characteristic for any gym (and people who train really appreciate when a machine is “smooth” and contributes to a good training session). It is true that many gyms have high-quality machines, so in this sense it won’t be nothing “new” for customers, but the combination of this with the characteristic *powerlifting area* is crucial. The powerlifting area is not the same as the strength room, and it is referred to an area dedicated to practice powerlifting (as mentioned before, this sport is different from fitness, and due to its intensity, it requires a separated area). The powerlifting zone will include three types of machines, according to the three types of movements that compose this sport, and these machines are; a bench (for bench-press), a rack (for squat) and bars and disks with a special floor for deadlifting. These machines will also be from quality brands, so this is the reason why the combination of these two characteristics is going to be of value for customers. Furthermore, powerlifters are never able to train in “normal” gyms for the reason mentioned above, so they are forced to train in cross-fit boxes which don’t include fitness machinery (which is necessary for powerlifters, as their sport also requires training with machines).

International competition (USA)

Regarding international competition, it will be analyzed in order to get ideas and more information about my reference market, so the focus will be the USA market because, as mentioned before, this country conditions the fitness market of America. It will be much more difficult to determine the international competition than the national or local, because it represents the market of inspiration, so many gyms in the country could be considered as competitors.

The competition matrix is not going to be developed at this level because all of the American gyms chosen fully comply with the characteristics from the matrix (as all of them have high-quality machinery and powerlifting area).

1. Quads Gym (Chicago, IL)

This gym provides over 40.000 square feet and it was created 45 years ago by the one who is considered the best powerlifter of all times, Ed Coan. In their webpage it can be seen the wide range of machines they have, as well as the brands (among which they have Hammer Strength, Sports Art and Life Fitness), for each area (there is the strength, free weights, cardio and powerlifting areas). The monthly price is \$75 and they offer different discounts for subscribers.

2. Powerhouse Gym (Syosset, NY)

Also called the east coast mecca, this gym was created by Bev Francis and Steve Weinberger, two legendary bodybuilders, and it attracts tourists and people from over the area. This gym has given much importance to their merchandising, until the point that many people go to the gym not to train, but to buy a sweater or a t-shirt from the powerhouse brand. The monthly price is \$89.

3. Gold's Gym Venice (Venice, CA)

Although Gold's is the worldwide bodybuilding mecca, it is placed in the 3rd position because it is too huge and too focused on pure bodybuilding, but it had to be mentioned, as it is the perfect combination of history with modern day (also, it is very 'commercial' from my point of view). The fact I consider interesting from this gym is the outdoor area; it has some outdoor workout spaces and training areas, taking advantage of the Californian weather. Compared to the previous, Gold's is the cheapest one; the monthly fee is \$54.95 for the standard membership and \$59.99 the platinum.

It can be safely stated that there does not exist a gym in Spain that approaches to the ones mentioned above. Also, it has to be clarified that the idea does not consist in opening a gym similar to these ones (mainly because the investment required is huge and, as said above, fitness in Spain is not that popular as in America, so it wouldn't be compensated), but some ideas can be extracted from these impressive gyms.

National competition (Spain)

Firstly, it should be clarified that, in Spain, there exist some well-known gym chains which are very prestigious, such as Metropolitan Club, Arsenal Group or Reebok Sports Club, but they won't be considered as competitors because the focus will be different; the plan does not consist in opening a luxurious gym with a spa, paddle courts and swimming pools, because they are more like 'social clubs' rather than gyms. This company will be a place where customers can train hard and exploit their physical capacities at the maximum, not a place to relax and spend the time.





POSICIÓN POR CIUDAD					
1 BARCELONA	38,59 €	22%	11%	130	658.066
2 VALENCIA	25,78 €	23%	13%	48	97.735
3 ZARAGOZA	26,61 €	38%	13%	13	85.858
4 MADRID	34,67 €	17%	2%	71	780.257
5 MÁLAGA	30,32 €	20%	7%	42	69.158
6 SAN SEBASTIÁN	36,69 €	N/A	N/A	17	1.011

Figure 5 - Spanish cities with more active citizens | Source: economiadehoy, 2021

Figure 5 shows the number of people who go to the gym in different Spanish cities. Barcelona and Madrid are discarded because their population density is much higher than in other cities, so Valencia is the third city with more active population who goes to the gym.

It is known throughout the fitness passionate that the places where best gyms are located are Murcia and Valencia (also called the Spanish bodybuilding meccas). Valencia is the community where fitness industry is more developed, as most of well-known Spanish bodybuilders and powerlifters are from Valencia and train in Valencian gyms, and most of bodybuilding competitions are celebrated there. As consequence, the Spanish gyms that are more similar to the American ones are located in Valencia, and they are very popular because fitness influencers train there and followers also want to train there in order to see them. It is difficult to find support for this because *Google* does not differ between strength gyms and gyms that are more luxurious social clubs, so Madrid and Barcelona always appear in the first results when searching for biggest gyms, but everybody who is a little bit inside fitness knows that the best equipped gyms for this discipline are located in Valencia, Murcia and the south. With this it is meant to say that, in terms of “American” style, the gyms are located in the cities mentioned before.

The idea is to open the gym in the area of Barcelona (as here the style is more similar to the social clubs mentioned before) so inspiration will be taken from the most well-known Valencian and Murcian gyms, which are the following (and also the ones that are most similar to American gyms).

1. Titan Fitness (Valencia)

The monthly price is 49,90€ (without registration). It is written in their webpage that the gym is specialized in personal trainings, plans for elite athletes and preparations for oppositions. *“From our center we want to give a totally different image to that of other centers in the sector, and that our image is sacrifice, perseverance and discipline”.*

2. Sparta Murcia (Murcia).

The monthly price is 42,99€. They consider themselves as an ‘old school’ gym (which means that it is inspired in the old training methodology, when bodybuilders like Arnold Schwarzenegger or The Rock where on the top). *“Official HAMMER STRENGTH and LIFE FITNESS center with all kinds of material with an infinite variety of angles to be able to work every muscle group to the smallest detail, also for the most purists, a large area of free weights and lever machinery and a comfortable and comfortable environment. Unbeatable remembering the old school, and if that were not enough open 365!!”*

Considering their description, this gym would be the strongest national competitor, as it complies with the two characteristics from the matrix.

3. Club de Campo k7 (Valencia)

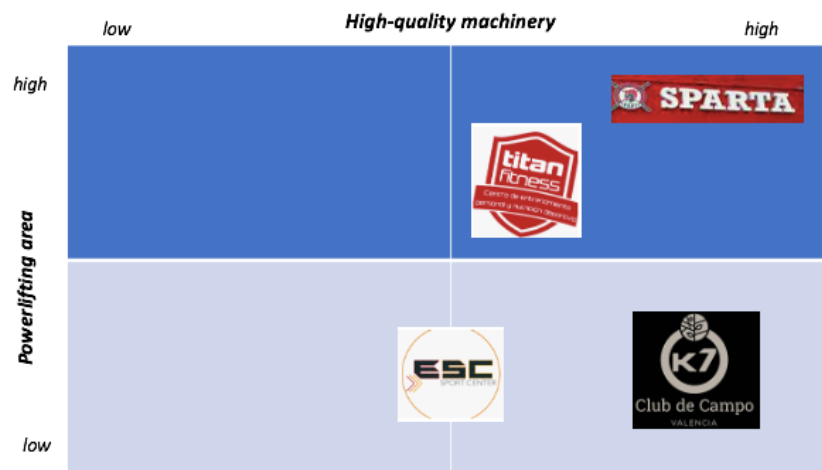
The monthly price is 60,50€ (-20 years) and 70,50€ (+20 years). They have high-quality machinery and big installations to train, but as they state in their webpage *“a few minutes from*

Valencia you will find a place to share experiences with your family surrounded by sport and nature” (so they are not fully focused on fitness training, they are also interested in families and other sports).

4. Europolis Sport Center (ESC) Murcia

They have two monthly quotas; the basic one (from 52€) and the excellent (from 62€) which includes a boxing and kick boxing school. *“In addition to the Hammer Strength Room and the Fitness Room, we also have two multipurpose rooms where you can enjoy the most innovative and fun directed activities, such as Indoor Cycle, Yoga, Functional Training, Boxing or Kick Boxing”.*

All the gyms mentioned have high quality machines, such as Hammer Strength or Life Fitness (both were mentioned at the beginning), and this is also a reason why they are considered my strongest competitors. Furthermore, all of them have big and adapted spaces where customers are allowed to lift the weight they want. So the two characteristics that are going to be used in order to develop the competition matrix are: quality equipment and space to lift weights.



*ESC is placed in the middle because in can be seen in the pictures from their website that they have some machinery from good brands, but not all of them.

The matrix shows clearly who would be the strongest national competitors; Sparta and Titan.

Local competition (area of Barcelona)

1. BeStrong

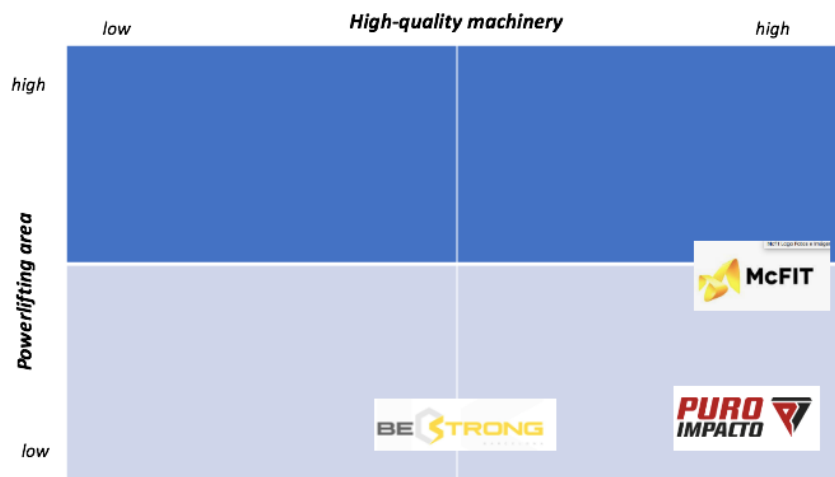
This gym is 100% dedicated to personal training and it also offers a team of high-qualified trainers and nutritionists. The facilities are very small, but it is very equipped, and they offer a good customer support. There is not a monthly quota, the payment is done according to the personal trainings, which cost 25€ each.

2. Puro Impacto

This gym named for two reasons; firstly, they offer nutrition courses and the possibility of hiring a nutritionist and, lastly, they give importance to the merchandise and the designs are very attractive. Also, they have high-quality machines, but the gym part is too small as they are more focused on contact sports (such as Muay-Thai or Kickboxing).

3. McFit

McFit is one of the biggest gym chains in Europe, which has good installations and high-quality machines (this is the reason why it is in the ranking). The problem with McFit is that in the afternoons it is almost impossible to train, as it is too crowded, and people have to wait in order to use the machines. Also, there is no staff available. The monthly price is 29,99€.



According to the matrix, McFit would be the strongest local competitor, even though it only fully complies with the characteristic high-quality machinery. I have experienced by myself (as I have trained sometimes in McFit) that they have a wide range of machines, but the material is not adapted to powerlifters, so employees call their attention when they try to lift heavy weights. It can also be seen that none of the local competitors has a powerlifting area, and this is the reason why any of them is placed in the top of the matrix.

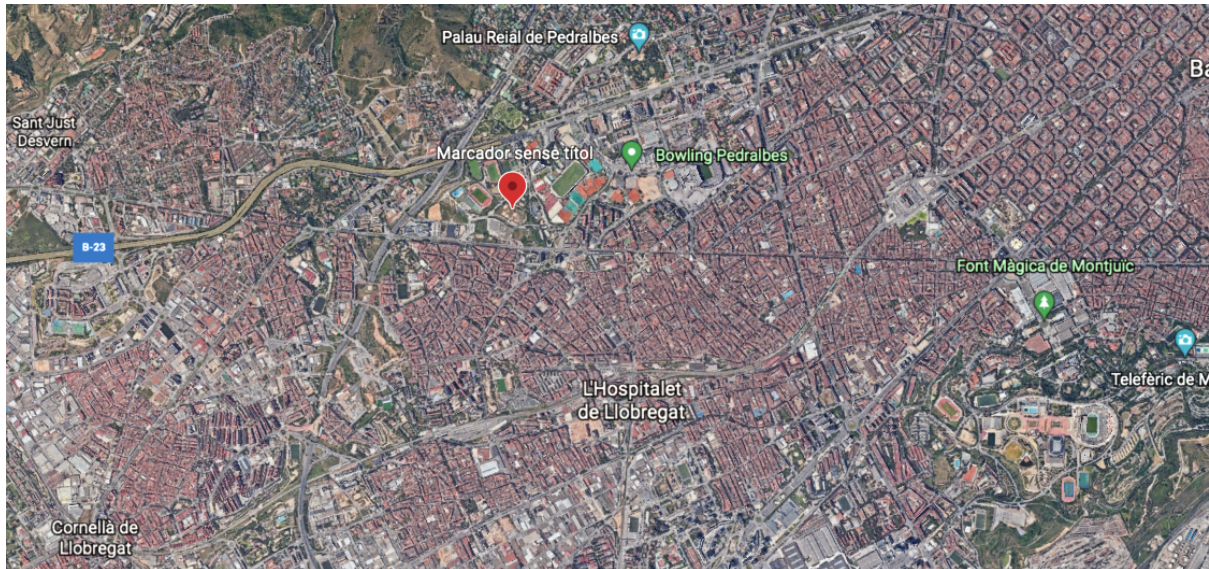
It can be appreciated that in Barcelona there are no gyms that combine fitness and powerlifting (as seen in Valencian or American gyms). Here, there are either gym chains to train fitness (such as McFit) or CrossFit boxes (where powerlifters train).

It is surprising how the quality of gyms has decreased since the beginning (where the best gyms from the USA are mentioned), and it is difficult to understand, because in some Spanish communities there exist really good options to train (Valencian gyms mentioned above), but in Barcelona the situation is very sad. It is also true that the city of Barcelona is much crowded than Valencia or Murcia, so gyms located in the center can't opt for big facilities.

1.6. Market Size & Market Share

Before developing the market share, it should be known the exact place in which the gym is going to be located, in order to calculate the market size first, and then, the market share.

As mentioned before, Barcelona is the chosen city, but not the city center, as the gym will require a big ground and space (and in the city center, apart from the high prices, spaces to rent are very small). After a deep search with Google Earth around the outskirts of the city, a good spot has been found; it is a spacious ground located in Les Corts district, in the west part of the city, next to Hospitalet de Llobregat;

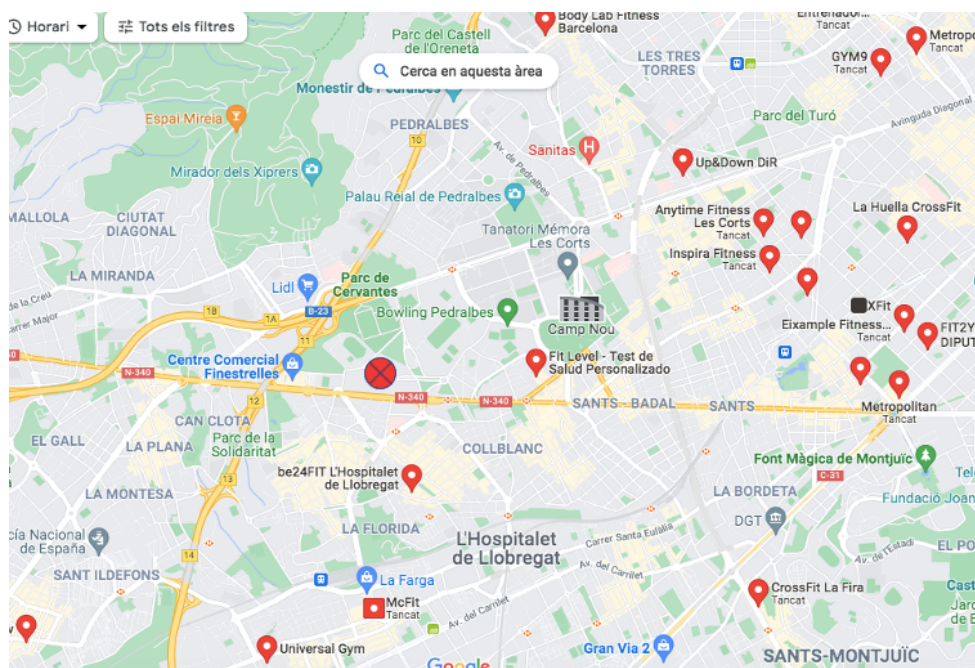


This location has been chosen for many reasons; firstly, it is in between Barcelona and Hospitalet de Llobregat, so citizens from both cities could be potential customers. Moreover, customers from other municipalities (Sant Just d’Esvern, Cornellà and Esplugues de Llobregat) could also be reached and, of course, people from Barcelona who live in Les Corts, Sarrià Sant-Gervasi, Sants-Montjuïc or even Eixample). From all the mentioned areas, it would take not more than 15 minutes (by car) to arrive to the gym location, so this would be the ratio of the market size.

Another advantage of this location is that is it next to the university area (UPC and UB campus), which would incentivize students to come to the gym. It is also next to the running tracks of Hospitalet and UB football field, so the area may be frequented by people who practice sport. Also, it is really close to the commercial center Centre Comercial Finestrelles, which will make the gym even more visible.

Market Size

First, it should be determined which are the closer competitors in a ratio of approximately 10 km:



The red crossed circle is the location of the gym and the red marks are the competitors. In order to determine the area of influence, citizens from Les Corts, Hospitalet de Llobregat, Sant Just d'Esvern, Cornellà and Esplugues de Llobregat are going to be considered. It is important to remark that all calculations will be assumptions, and the final market share will be based on these assumptions.

In order to calculate the market size, 3 variables are going to be considered:

- a. Number of gyms in the area of influence → 13
- b. Average number of members → 1.500
- c. Average price of gyms in the area of influence → 46,97€

Calculation of the previous variables

- a) Counting the red marks (the ones that have name), it can be seen that there are 14 gyms in the area of influence (but one of them, Fit Level, is not a gym, it is a health center, so it does not count) → **13 gyms**
- b) In order to know the average number of members, figure 7 (*chart of average users of sportive installations in Spain*) is going to be used. Most of gyms in the area of influence (such as McFit, Be24fit, Anytime Fitness and DiR) are gym chains, which are usually low-cost gyms. According to figure 7, the average number of members for Spanish low-cost gyms is 3696. However, this is a very high number and should not be generalized (because it is possible that the most popular gym chains just mentioned reach this number, such as McFit or Anytime Fitness, but not all of them, so a smaller number is going to be used). Furthermore, not all gyms inside the area of influence are chains, (CrossFit La Fira and Inspira Fitness, for instance), which implies that they have less members, so this would reduce the average number of members. Therefore, an accurate approximation would be → **1500 members**
- c) To calculate the average price of nearest competitors, fees have been extracted from their respective websites:
 - Be24fit: The exact price is not specified on the website, they say it is between 35€ and 70€, so let's take the average: 52,5€
 - CrossFit la Fira: 75€
 - Inspira Fitness: 39,95€
 - Anytime Fitness Les Corts: 39,90€
 - Dir: 28,80€
 - Universal gym: 34,99€
 - La Huella Crossfit: 70€
 - Metropolitan Gran Via: 69,5€
 - Fit2You Diputació: 44,99€
 - McFit: 29,99€
 - BodyLab Fitness: 60€
 - Gym9: 39,99€
 - XFit Eixample: 25€

Average price → 46,97€

Continuing with the market size, in order to obtain this number, the three previous variables should be multiplied:

$$a \times b \times c = \text{market size} = 915.915\text{€}$$

However, it can also be possible that the opening of this gym increases the market size, due to the new offer. This means that, for instance, a person who lives in Les Corts is not subscribed to any gym yet, but if that person sees that a new gym has been opened near its home, it could be an incentive to join. This is the reason why 3 other variables should be considered, which are 'random factors' that affect market share:

- d. Number of members from nearest gyms that will switch to mine → 25
- e. How many people who don't train will start doing it because of the new offer → 50
- f. Monthly fee of the company → 64,99€ (explained further)

Current market size = 915.915€

Current market share = 0%

Calculation of the new variables

- d) To calculate the clients that will be "stolen" from other gyms, the gyms that are closest to the chosen location are going to be used, which are the following: be24fit, Anytime Fitness and Inspira Fitness. Anytime Fitness is the bigger one in terms of customers, because it is a well-known chain, so let's say that 15 people will switch to my company. Of the remaining ones, which are more familiar sport clubs, 5 customers of each will switch.
- e) As mentioned before, the chosen location to establish the gym is in between some different urban areas, as well as next to UB university campus and a football field, so it is assumed that 50 people who frequent the area (because they are students or practice some sport) will see the offer and will join the gym.

With these 3 new variables, it is possible to calculate the gym's revenue (**MyR**):

$$\text{Gym revenue} = \text{MyR} = (d + e) \times f = 4.874,25\text{€}$$

And, also, the revenue from competitors (**OtR**):

$$\text{Revenue other gyms} = \text{OtR} = (a \times b - d) \times c = 914.740,75\text{€}$$

With my gym's revenue and competitor's revenue, it is possible to know the market size

$$\text{New market size} = \text{MyR} + \text{OtR} = 919.615$$

Market Share

Knowing that market share = company's revenue / entire market revenue

$$\text{Target market share} = \text{MyR} / (\text{MyR} + \text{OtR}) = 0,5\%$$

The resulting market share is low, but according to *British Business Bank* "most start ups won't get 1% market share in the first year, and perhaps 2% in year two if fortunate", which confirms, at least, that the assumptions are not far from reality.

Analysis of the 3 closest competitors

Be24 fit, the closest competitor, is a gym chain opened 24 hours the 365 days of the year. They classify themselves as an "eco-healthy" community and they have gyms in Hospitalet, Huesca, Reus and Sant Cugat. The machinery is very scarce because their focus is on offering a wide range of group classes and activities, and they also sell their own merchandise.

CrossFit la Fira is also located nearby, and they are important competitors not for customers who practice fitness, but for the ones who practice powerlifting. The machinery and material they have is special for cross fit training and weightlifting (*weightlifting is a sport that consists in lifting*

a bar from the floor until above the head), which is very different to powerlifting but they are more likely to train there than in common fitness gyms. Price is 75€ per month.

Inspira Fitness, the third gym closest to mine, is located in Les Corts district and has a monthly quota of 39,95€. Enric Garcia, the entrepreneur who founded this gym, published an article in *The new Barcelona Post*, which is a digital newspaper that publishes business and entrepreneurial information. It is stated in the article that that the gym has 500m² (too small compared to mine), and it is a coworking of personal trainers, so the business model is very different. However, some important information is mentioned in this article (for instance, that a total of 280.000€ was required to open the business, from which 190.000 was provided by financial entities). Enric mentions that he found Les Corts as an important market niche, and also that he noticed how the number of professionals who published their workout routines on internet started increasing. Another important fact he mentions is that most of his clients join him gym because they are tired of the environment from gyms located in the city center (small and crowded), and they come looking for peace.

Although Inspira Fitness has a different business model, the article provides some important information to be considered (such as the great financing he received from entities and that people who train in gyms from Barcelona center are tired of the crowded environment).

The last two gyms located nearby are similar between each other; two well-known chains named Anytime Fitness and Dir. The first one has the same price as Inspira Fitness (39.90€), and the latter 28.80€. Dir would be the strongest competitor because it is a low-cost gym and it has the biggest installations (1.000m²) compared to the others, and it also has a wide range of strength machines.

1.7. Degree of innovation/suitability

Regarding the degree of innovation, as mentioned before, the idea of bringing the American style of training in Spain is something that few gyms have done at the moment (just in the area of Valencia, as seen in the competition matrices, but not in Barcelona). Furthermore, the local gyms mentioned before that represent the stronger competitors only comply with the high-quality machinery, but including an area of powerlifting, nutrition and supplementation will be something not common to see in Barcelona. Also, offering your clients the possibility of asking for a customized protein shake is a way to increase customer's loyalty, and it is very easy to do, it doesn't require effort.

However, it is true that these characteristics can't be considered as a radical innovation, because they refer to gyms that already exist in many countries (not only in the USA). The innovation part lies in the fact of bringing a new way of training and understanding fitness in Barcelona, as gyms here are very traditional.

It is also clear that in the USA they are 10 years more advanced than in Spain (I always think about the example of automatic cars; Americans don't use manual vehicles since many years ago, and in Spain we are on our way to do so), so the same will happen with the fitness industry. We can also start appreciating that now, in the sense that many scientific researches are being developed nowadays within the fitness field, and all of them coincide on how important the muscle development and training with weights for everybody is (especially old people).

Furthermore, as mentioned at the beginning, it is true that the Covid-19 pandemic has highly damaged the sector, but it has also helped people realize the importance of training (home-workouts became very popular) and people who had never trained before started doing it.

2. MARKETING PLAN

2.1. Portfolio of products and services

The company will offer services and products (in a less extent). Products encompass all items that are going to be sold in the gym's shop (supplementation and merchandise), while services refer to the use of the installations, trainers and nutritionist services and the bar service.

Portfolio of services

1. Use of the installations

The gym is going to be opened every day of the week, the 365 days of the year, and the membership fee will increase until the 3rd year:

- Monthly fee of 64,99€, during the first year
- Monthly fee of 69,99, during the second year
- Monthly fee of 74,99€, from the third year on

The previous fees have been established based on competitor's fees, as the idea is to set a higher price than competitors, to increase value.

Looking back to the map, the closest competitor (be24fit) has a monthly price between the range of 35-70€ (the exact price was impossible to find), so the fee could be similar to the one from my gym. The only closer competitor who has a higher fee is CrossFit la Fira (10€ more expensive). The rest of the competitors are considered low-cost gyms, as their price does not exceed 40€ (which is very cheap considering that we are talking about Barcelona city).

Regarding customers, they are going to be attracted to the gym depending on the goal they want to achieve (losing weight or gaining muscular mass, for example). In this sense, there could exist five types of clients, who will join to the gym depending on their fitness objective, and they derive from the population segments presented at the beginning;

- a) People who want to lose weight: This type of people don't tend to have experience in training with machines, as they have never been in a gym before, so they would need both services, nutritionists and trainers, and it is very comfortable to have both in the same place.
- b) People who want to gain muscular mass: This group includes people who already have experience in strength training (*strength training refers to the workout with machinery, and it is different from cardio training*), who also need changes in their diet but not as regularly as the first group. For this reason, they won't use nutritionist and trainers service as much as the previous group.
- c) Powerlifters: These athletes will also be attracted to the gym just by the fact that none of the closest competitors offers space to train this sport (only CrossFit la Fira, who could attract these types of customers but to a less extent, as they have adapted installations to lift weights, but they don't have fitness machinery, and powerlifting also implies training with machines).
- d) Bodybuilding competitors: Bodybuilding is a sport that consists of the development of the body through exercises and diet; it differs from powerlifting because it focuses on physical appearance rather than strength. These people need rigorous control (specially with the diet) as it requires weekly modifications, and also personal trainers, so they would join my gym because they have both services in the same place, and the high-quality machinery will also be very helpful for them in order to develop their physique.
- e) People without a specific fitness objective: This last group would be the less interesting in the sense that they just go to the gym to be healthy and spend the time, training it is not a priority as for the previous groups. These customers will be the hardest to attract from the competence, as they don't care which type of machine they are using and maybe they

are attracted to other gyms with lower prices, as they don't give value to fitness as much as other customers do.

2. Personal trainers:

The second service offered consists in a team of 6 trainers whose task will be offering personal trainings and being in the strength room supervising that customers perform the right technique, to avoid injuries.

In order to establish the price of each session, Barcelona Activa has an occupational record of personal trainers, where it is possible to see the average salary of personal trainers in the area of Barcelona. It states that *“la mitjana salarial està entorn els 16.315 euros anuals bruts”*.

It should also be considered that, apart from the variable salary that trainers will receive from personal trainings, they will also have a fixed monthly salary of 850€ for working part-time.

Customers will pay in the gym reception the personal trainings they perform and a 50% of the revenue will be for the company. At the end of the month, the company will pay the trainers their fixed salary plus the variable salary, which corresponds to the half of all their personal trainings performed. The price/session established is **60€/session of 1 hour**.

In order to see if this price is fair and competitive, it should be compared with the average salary of personal trainers from Barcelona:

- *If we subtract the 50% from the 60€ that the trainer should pay to the company, the revenue for the trainer is reduced to 30€.*
- *To get the monthly salary of personal trainers from Barcelona, knowing that the average annual salary equals 16.315€, this number should be divided by 12 months, which results in a monthly salary of 1.359,6€.*
- *However, the part of the established fixed salary (850€) should be subtracted from the total salary, which results in 509,6€ (part of the salary that is variable).*
- *By dividing the total variable salary of 509,6€ by 30€/session it is obtained that the trainer should perform 17 personal trainings per month in order to reach the average salary of personal trainers in Barcelona.*

Considering weekends and holidays, performing 17 training sessions/month is completely doable, knowing that they only take 1 hour and employees can perform more than 1 session per day.

However, performing or not this 17 monthly sessions will be a decision of each employee, as it affects their variable salary and they are free to choose if they want to increase it or not.

3. Nutritionist consultancy

An important characteristic about the nutritionist is that he/she will be a sports nutritionist, which is not the same as clinic nutritionists (the latter is focused on *achieving an optimal health state in order to avoid diseases such as diabetes or hypertension*, while a sports nutritionist is more focused on *performance, by developing an optimal competitive diet*, according to *elestimulo.com*).

The gym will have an office available to be rented for a nutritionist. Differently from the personal trainee service, which is also applied by most of the closest competitors, none of them has a nutritionist service (or, at least, it is not mentioned in their webpages), so there is no reference to establish the prices.

According Barcelona Activa, the annual salary of these professionals in the area of Barcelona is between 21.035,4€ and 30.050,6€ (it will depend on the educational level).

- *In order to set the price per nutritionist consultancy of the gym, the average between these two numbers will be used, which is 25.543€.*
- *In order to obtain the monthly salary, the annual salary of 25.543€ is divided by 12 months, which results in 2.128,6€/month.*

- *Supposing that the nutritionist does 5 consultancies of 1 hour each per day, and one month has 20 working days, we get a total of 100 consultancies per month. By dividing the monthly salary of 2.128,6€ by 100 consultancies, we get a price of 21,3€/consultancy. However, this price should be higher, considering that the nutritionist should pay a rent for the office and 15% IRPF.*

According to *El Confidencial*, the average price for renting an office in the area of Barcelona is 25,25€/m² (which will increase if the office is located in the city center, but as it is not the case, this number will be used). Considering that a space of 20m² should be enough for the professional, the monthly price for the rent would be 505€.

Knowing all this information, the prices per consultancy will be the following:

- 57,50€ for the first visit: the price for the first consultancy is always higher than the following-up visits, as the nutritionist has to get the client known with some questions and initial body measures need to be taken, in order to develop a customized diet.
- 45€ for the following visits

4. Bar service

The bar will include healthy food and drinks aimed to increase customer's performance (healthy snacks and energetic drinks). It will be inspired in the bars from American gyms, especially the ones that have been analyzed in the competence. None of the nearby competitors offers this service (as most of them are chains, so they may have coffee or vending machines, but not a bar service). Furthermore, the bar service is a typical characteristic of gyms that are more like social clubs, so it could be considered a way to create a good atmosphere within people and increase customer loyalty. Another advantage is that, as the location of the gym is in the outskirts, there are no bars or restaurants around, so if customers want to eat a snack this bar will be the only available option.

A weakness of the service concerns the importation of energetic drinks; as a specific brand will be chosen (which can only be found in the American market), the importation costs will increase. The products offered in the bar will be divided in snacks and drinks.

The bar will be driven by an external company which will pay a 25% from the total revenues.

Portfolio of products

As mentioned above, merchandise and supplementation will be the two products offered, and both will be available in the shop. Selling supplementation can be seen in some Spanish gyms, but few gyms have their own merchandise. The idea was extracted from American gyms, as all of them sell clothes from their own brand, and it is a good way to do marketing. Be24fit is the only closest competitor who also sells merchandise and, apart from clothes, they also sell face masks, bottles, caps and bags.

Merchandise:

Clothes will have male and female line, in different colors and with the gym logo.

- Sweatshirt with hood (unisex): 34,95€
- Sweatshirt without hood (unisex): 36,95€
- T-shirt (unisex): 24,50€
- Woman crop-top: 22€
- Socks (unisex): 10,90€

Supplementation:

Supplementation will be bought from a well-known Spanish brand called LifePro. It is becoming very popular because their protein powder has a purity of 87% (which is very high compared to other brands). Also, all articles are available in many different flavors, and the taste is quite

accurate compared to other brands whose products have a chemical flavor. The list of supplements is:

- **Protein powder:** There exist three types, listed from the less to the purest (price depends on the purity), and all of them will be available in 3 different flavors:
 - Whey protein → 33,90€/kg
 - Isolated protein → 42,90€/kg
 - Hydrolyzed protein → 50,90€/kg
- **Creatine:** It is one of the most studied and scientifically proven supplements. It is a natural substance produced by the organism, but as our body has limitations to synthesize it, it is recommended to consume extra creatine even for people who don't practice sport. The shop will have both types of creatine (which also differ in the pureness):
 - Creatine monohydrate (less pure): 28,90€/500g
 - Creapure creatine: 35,90€/500g
- **Pre-workout:** Pre-workouts are designed to boost energy levels and increase focus during training sessions, but the ones that have caffeine are not recommended to be taken every day, only when the athlete feels tired and unmotivated. Both types will be available:
 - Pre-workout with caffeine: 40,90€/500g
 - Pre-workout without caffeine: 38,90€/500g

2.2. Communication Plan

Digital marketing

Digital marketing will be the type of marketing used in order to communicate with customers. It refers to a set of actions that help achieve the commercial objectives of a company thanks to the facilities that the Internet is currently offering us. In order to attract customers to the gym, several techniques inside digital marketing are going to be used, which are the ones listed now.

The first one is creating a webpage; it is essential for customers so they can ask doubts or find a contact and telephone number. Another one is content marketing, which is going to be used at the pre-sale stage, as it is the best one to increase customer awareness. Content marketing is used to engage, attract and retain audience by sharing relevant podcasts, videos, articles and other media. The focus will not be on selling, but on providing educational content regarding fitness (for instance, articles about the benefits for athletes of using supplementation, videos of trainers doing short home workout routines or blogs about healthy cooking). The purpose of this is to start creating a community and awareness of the new gym before its doors are opened. Apart from the previous strategies, which are used by most of the companies, social media will be the one where the company is going to put most effort in, and it also belongs to digital marketing. The use of banners was also considered at the beginning but, after knowing the location of the gym (which is in the outskirts) a banner wouldn't be useful, as visibility is low.

Social Media

Regarding social media, the most popular ones among young people nowadays are Facebook and Instagram, so the advertising effort will be mainly put in these networks. The activity in social networks needs to be high specially at the beginning (when the gym is not opened yet) in order to create "hype" and increase customer awareness. Also, social media represent a direct channel to communicate with customers, so they can ask questions or request information about gym schedules and prices. Another good point of Instagram and Facebook is that they offer their own statistics where you can see which are the most liked posts, or the ones with more engagement

(and most of these statistics are free). Furthermore, marketing with influencers, which has become a trend now, is done through social media.

The only observable disadvantage regarding social media is that it is very easy to reach young people (which is good, because most of my potential clients, such as powerlifters or fitness lovers, belong to this group), but it is not that easy to make information available to the oldest ones, as some of them are not that familiarized with technologies. In this case, word of mouth will be key (someone has to recommend them the gym).

- **Instagram:** Through Instagram it is possible to organize giveaways; many items can be used in order to do them, such as a pack of protein bars and cookies, branded merchandising or health supplements. Moreover, “bigger” giveaways can be done in holidays season, such as Christmas, giving a free month or a pack of 5 sessions of personal training. Trainers and nutritionists can also play an important role in Instagram; it could be shared in the gym’s social media how good these professionals are, by posting the before and after of clients’ bodies (their workout progress), so other people are able to see how happy they are with their progress and feel motivated to do the same.
- **Facebook:** Nowadays Instagram is much better in order to show the daily activity of the gym and interact with customers, while Facebook is the best platform to publish ads. However, Facebook has highly hardened its algorithm during the last years (meaning that it is much more difficult that our posts are shown to other users without paying), so it is recommended to use paid ad campaigns, in order to achieve a higher user reach.
- **Marketing with influencers:** Influencers are very trusted by the audience and they are a good option to increase traffic to our social media. It does not consist in just paying someone to advertise the gym, but on finding some influencer who really enjoys training in the gym and transmits its feelings to the audience. The influencer will receive free merchandise from the brand and free entrance to the gym, in exchange of posting Instagram stories and pictures training in the installations and tagging the gym. In order to look for the adequate influencers, it is not that important to look at the number of followers, but to the engagement and influence capacity they have with the audience. An influencer can have lots of followers, but if the person is not able to make its followers buy the product, then it is not useful.

Once gym has been opened, some offline marketing strategies are going to be used:

- Offer a 2-day gym pass: Giving a free pass of 2 days to potential customers is a way to give them time to think if they want to join or not. Usually, gyms only offer 1 day of trial, which I consider is not enough to see all the installations and experience the services and culture.
- Offer a free session of personal training in the first month of new customers: Sometimes it is hard for newcomers to get familiarized with the machines and material, as they feel afraid of being judged by other people, so new customers will be given an hour of free training in order to get adapted to the environment and start training with the previous tips of a professional.
- Interviews in the local newspaper: Barcelona has some local newspapers where they advertise entrepreneurs and new businesses opened around the city, in order to make them known (a good example is The New Barcelona Post).

2.3. Budget

In order to determine the total budget for the company's marketing (digital and offline) during the first year, first it should be determined the budget of each activity mentioned above (digital marketing):

- Webpage: In order to find an approximation of the cost for building a website, let's check My PT Website, which is a fitness website developer. They have 3 possible fees, so choosing the middle one, there is an initial payment of \$750 for the setup and the cost is \$75/month.
- SEO/SEM: According to WebFX the cost of SEO services depend on many factors, but most SEO projects for small businesses in 2022 cost between \$750-\$2000 per month. Regarding SEM, as we are talking about a gym, people from other regions are not going to come, so appearing in the first Google results is not that important.
- Facebook: According WebFX, Facebook advertisements costs around \$0.97 per click. Facebook works by establishing a daily budget for advertisements (so adds will stop being published once this amount has been reached), so setting a price of \$10 per day would allow publishing 10 adds per day, which is a reasonable amount.
- Instagram: Following the same procedure as with Facebook, WebFX establishes a cost per click of \$0.20 to \$2.
- Marketing with influencers: According to WebFX, influencers need to be payed per post (every time that they post a picture training in the gym, for instance). Let's set 1 post per month, which turns in 12 posts per year. *Influencer Marketing Hub* says that "influencers will be payed according to the number of followers they have". Let's pick micro-influencers, whose followers range between a number of 10.00-50.000. This group of influencers charge a price per Instagram post of \$100-\$500.

Considering the previous costs, a budget of 5.000€/year for online marketing is going to be established.

Regarding the budget for offline marketing activities:

- Free gym pass of 2 days: This doesn't suppose a cost for the company (only the water the client consumes if he/she uses the showers, but it is irrelevant).
- Free personal training sessions: The session costs 60€, from which the gym takes the 25% (15€), so by setting a budget of 500€, 33 free trainings could be offered to customers.
- Interviews in local newspaper: This may not suppose a cost, as usually newspapers offer free interviews if they consider your business has been successful and it is an example of entrepreneurship.

Total annual budget offline marketing activities → 500€ (rounded up, just in case there is a need to pay for an interview or more personal training sessions are offered).

Adding up the two budgets (digital and offline marketing activities) we obtain a total annual budget for marketing of **5500€**.

**It should be said that marketing costs are higher during the first year, as the company needs to establish its position, but then it is possible to reduce them.*

2.4. Marketing Plan

All these previous strategies could be summarized in a table, which represents the marketing plan in order to achieve an overall goal: reaching a profit of 30.000€ by the 31st of December (considering that the gym is opened during the month of January):

Objectives	Strategies	Tactics	Measurements
Attract 15 new members per month	<ul style="list-style-type: none"> Increase number of new <i>member leads</i>* Increase <i>conversion rate</i>* 	<ul style="list-style-type: none"> Advertise in Facebook ads and local newspapers Work with influencers Offer a 3-day gym pass 	<ul style="list-style-type: none"> Number of new members
Increase retention to 80%	<ul style="list-style-type: none"> Provide support (trainers and nutritionist) so customers can achieve their goal Make customers feel part of a community 	<ul style="list-style-type: none"> Organize Instagram giveaways Offer a free session of personal training Merchandise selling Shared social media content (fitness videos, healthy cooking vlogs) 	<ul style="list-style-type: none"> Number of participants in giveaways <i>Retention rate</i>* Interactions in social media Number of visits in vlogs

***Conversion rate** is the number of new members divided by the total number of people who visited the gym.

***Member leads** are people who show interest in a brand's products or services, which makes that people potential customers.

***Retention rate** refers to the percentage of customers who continue paying for a product over a given timeframe

2.5. Sales Forecast

To start with the sales forecast, it should be determined when the gym is going to open its doors. The month chosen is January 2023 (specifically, mid-January). This is because as the year has started, everybody has the purpose of starting a "new life" and doing some kind of sport. Also, opening in summer was discarded as normally gyms are empty at that time of the year, everybody is on holidays and training when it's hot outside is very hard. BDO Spain (one of the most recognized audit firms worldwide) published an inform stating that "*it will not be until 2023 when the level of income in fitness centers prior to the health crisis is recovered*".

In order to determine the number of members, an exponential growth has been considered. 10 members are expected in the first month, and during the summer months (n° 6, 7 & 8) the growth is slower. The continuous increase in memberships is expected to be given due to the word of mouth and the digital marketing. The target is achieving 200 members by the end of the year.

In the left column, all the activities that produce income are listed:

YEAR 1	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Nº of members	10	20	30	45	60	85	110	135	150	165	180	200
Monthly fee	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99	€ 64,99
Revenue from memberships	650	1.300	1.950	2.925	3.899	5.524	7.149	8.774	9.749	10.723	11.698	12.998
Revenue from the shop	0	0	0	233	372	480	500	500	500	500	500	500
Revenues from the bar	0	30	45	68	90	128	165	203	225	248	270	300
Revenue from consultancy rent	0	505	505	505	505	505	505	505	505	505	505	505
Revenue from trainers service	-	-	300	-	-	1.200	-	-	2.100	-	-	4.500
Total revenue	650	1.835	2.800	3.730	4.867	7.837	8.319	9.981	13.079	11.976	12.973	18.803

Explanations

- Revenue from memberships = n° of members * monthly fee.
- Revenue from the shop is considered 0 during the first 3 months because customers are not loyal enough to buy merchandise from the brand or supplementation.
- Regarding the trainers (6 employees in total), they will start working according to the number of subscribed members. As until month 3 only 30 members are subscribed, with 2 trainers working will be enough.
- It was mentioned before that the company that manages the bar will pay a 25% to the gym, so an exponential growth is also considered.

2.6. 4P's – 4C's

4P	4C
Product	Consumer
Price	Cost
Place	Convenience
Promotion	Communication

Figure 1 - 4P's turning into the new 4C's

It is commonly known that, in marketing, what were called the 4P's have evolved to the new 4C's, which are more oriented to the customer rather than the product. This is how these concepts are related in the company:

Before establishing the products and services offered by the company, an analysis has been developed (especially in the American market, but also in Spain) and also the evolution of the sector during the last years, what allows to have more knowledge about the consumer and its preferences.

Product/Consumer

Firstly, it should be distinguished in which position inside product life cycle the service is positioned, in order to see if the strategies proposed in the previous marketing section are suitable:

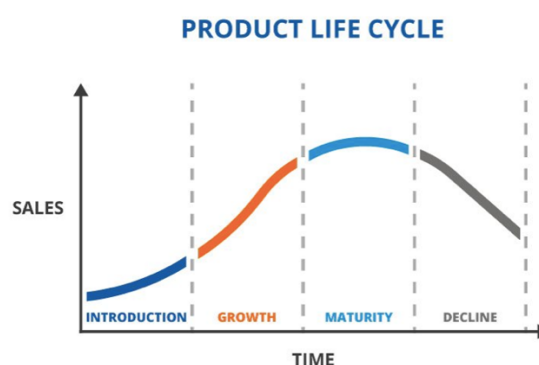


Figure 2 - Product life cycle chart

As the company hasn't opened yet, it would be positioned in the first stage, also called introduction stage, where the service is launched to the market, sales are low because the service is unknown, and costs are usually very high. According to *The Economic Times*, the strategy recommended during this stage is building awareness of the service by using promotions or offering discounts, in order to attract the first clients. As mentioned before, the company's strategies will be exploiting social media and content marketing in order to increase

awareness and make the service known, as well as offering free-trials and discounts in off-line marketing, so it can be seen that the strategies fit with the cycle stage.

Price/Cost

Price setting has a close relationship with the gym’s cost structure and, as higher the price is, the more value you need to create. The company’s pricing strategy will be setting a high price, as it has been seen that closest competitors are cheap gym chains, so customers should know that they are paying for a fitness center with the best machinery in a peaceful environment and professional employees. Also, the investment required will be considerable compared to other gyms (for the size of the facilities and the machinery required), which is also a reason why membership fee will be high. *The Economic Times* also affirms that charging a high price in the introduction stage is a good option, as it is the way that the company has to express that the new product has unique and new features.

Place/Convenience

The product distribution is very attached to the convenience that customers have in order to access them. This aspect is very important for the gym’s success just for the fact that we are talking about a service provider center in which clients have to attend in person in order to make use of the services. The convenience for the client has been one of the most relevant factors in order to choose the exact location of the gym in the area of Barcelona (as mentioned before, it is not that crowded as gyms in the city center).

Promotion/Communication

Nowadays it is very important a bidirectional communication between customers and the company, which allows to adapt promotion campaigns and receiving feedback about services offered or effectiveness of promotion campaigns (and this is crucial in order to launch more precise campaigns). Instead of advertising the company through banners and other traditional methods, the effort will be put on creating a strong channel of communication with customers through social media.

3. OPERATIONS PLAN

3.1. Process of the service production

The steps that need to be followed in order to offer the service are represented in the following scheme:

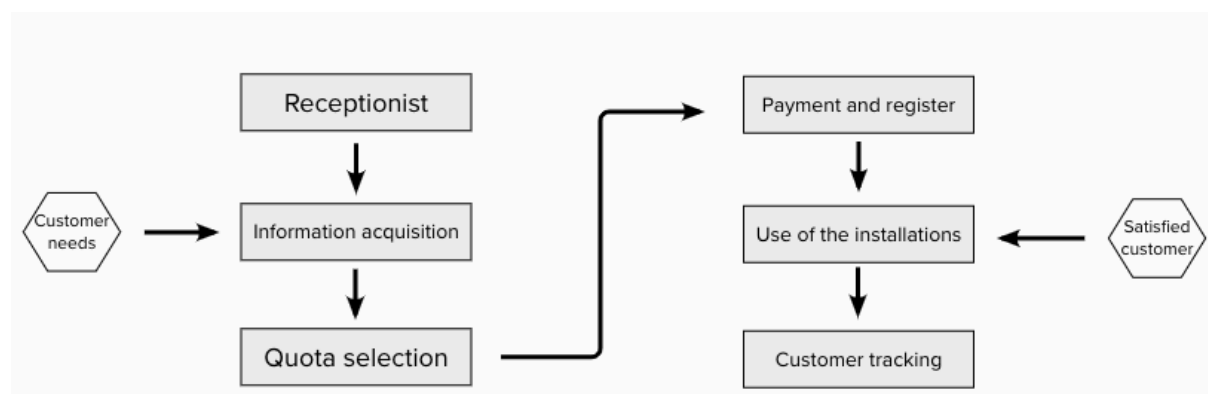


Figure 3 - Service production process I Source: Own elaboration

Since the client enters into the installations until its needs are satisfied, a set of processes are going to take place.

Firstly, the customer attends to reception in order to get informed about the offers at that moment and the membership fees. Furthermore, the client will be offered 2 days of completely free access, so it has time to see all the rooms, use the machines and get used to them. Once the client has decided to join the gym, he/she will hire those services that are more adjusted to its needs (trainer, nutritionist or both). Afterwards, the process will continue with registering the client in the database, where her/his personal information is going to be stored in her/his client record. Finishing the register, the client will pay for the agreed quantity by bank transfer through the website or with cash in the reception.

Subsequently, the client will obtain a username and a password which needs to be introduced in the gym app, in order to obtain the QR code to access the installations. Another option will be available for those who are not familiarized with technologies, which will be requesting a physical card with a bar code, for the price of 3,50€. A customer tracking will be performed using brief surveys in which the client will express its degree of satisfaction. Also, through the webpage they will be able to make suggestions or complains about the installations or services, so corrective actions can be performed in order to achieve a continuous improvement.

The process of the service continues once the customer has entered the gym; from this point, depending on the customer's goals and previous experience, the process can lead to one way or another:

- a) If there is little or no experience, he/she may hire the services of a personal trainer, which leads normally to a desire of complementing the trainings with an adequate nutritional plan, so this client may end up using both nutrition and training services.
- b) If the client already has experience in the sector, he/she will be able to workout on his/her own, so probabilities of redirecting this customer to the other services are lower (unless he/she decides to bring his/her physique to another level).

Technology used

The technology required to develop this process starts in the reception, where there will be a rotating machine in order to control the access of the clients to the gym. This rotating machine has to be opened by showing to the screen the user QR code or the card. If the client hasn't paid the monthly fee, the access will be denied, and this machine also allows to make a tracking of the clients according to their influx. Furthermore, a software will be required in order to store all the customer's information (ID, bank account, fee chosen, contact information, objectives, physical or cardiovascular problems...).

Regarding the nutritionist consultancy, an important device will be needed: a 3D body scanner InBody270. This device allows to take body measures and weight with high accuracy. It develops 10 measurements and, after that, the scanner software develops a report with relevant information such as the body mass index, appropriate weight according to height and age, corporal composition analysis, etc... The nutritionist will prepare the diet considering these results and the goals of each client.

Budget for technology

- Software: A good software named Gestbox has been found, from a company called MicroArea. Gestbox includes two packs: MaGest (for commercial management) and MaConta (for general accountancy). Prices are explained in page 32.
- InBody 270: Price indicated in the brand webpage per 12 months without interests is \$290,00.

Technology	Annual budget
Software	2400€
InBody 270	\$290*12 months = \$3480 = 3.107,64€
TOTAL	5.507,64€

Figure 4 - Budget for technology | Source: Own elaboration

Stock management

As we are talking about a service, there is no stock needed (the only thing required in advance is the merchandise and supplementation). Looking at the sales forecast, the year will end with a total of 150 members, so the merchandise stock could be bought considering that each members buys a sweater and a pack of protein (but this can't be predicted).

3.2. Key Activities

Key activities of the gym are going to be defined based on the ones that are essential for the economic activity development, the ones that point the right development of the company. Such activities are the following:

- **Webpage and social media management:** Management and interaction with social media users and web content management represents a key element for the company, as it is the way by which the gym will connect with people who feel that belong to the fitness community. It will be an internal activity (developed by the own company) because a good management has to be done knowing to who are you communicating with, and with which objective. Oppositely, web programming and positioning will be done by an external company, as it is a task that should be developed by a computing professional.
- **Cleaning and machine and installations maintenance:** Cleaning in locker rooms and training areas is very important, as they are areas with high movement of people during many hours, so they should be clean in order to avoid humidity and possible germ transmissions. This will also be an activity performed by an external company, as it is very important to position the company to clients with a good image. According to *habitissimo*, the average price in Barcelona for cleaning gyms will vary depending on the size of the installation. Considering that my gym won't have spa, swimming pool and group classes, the monthly price for cleaning and disinfecting would be 3100€ (supposing that the surface is the same as the indicated in the table from annexes; if at the end is bigger, a conversion should be done in order to know the new price).
- **Development of training and nutritionist services:** Trainers will be hired by the company in order to perform their services in the gym, so it will be an internal activity, as they should be 100% focused on my gym's customers. Oppositely, the nutritionist will be an external employee, as he/she will only need to pay the company for the rent of the consultancy.
- **Accounting and commercial activities management:** As mentioned above, accounting and commercial activities will be performed by an external company called Microarea, which offers a pack with two softwares called MaConta (specialized in annual accounting, %IVA, IRPF, extracts and much more) and MaGest (purchase and selling cycle, production orders, stock management, etc...). As they will be used just for one company, the first fee of both softwares (called *One*) will be bought, which is 100€ each. The annual price for these softwares would be 2400€.

- **Complaint management:** The person who manages complaints will be an internal employee, as it is crucial for the person to know about what is happening inside the company and how he/she can resolve issues with customers.
- **Commercial activities inside the bar:** The bar will be driven by an external company which is well-known within the field of healthy kitchen. The company that runs the bar will have to give a 15% of the total profit to the gym.
- **Shop:** The shop will be in charge of an external worker who has previously worked in a clothing shop and has contact with some textile manufacturers, so he/she can manage the stock and determine which are the more profitable companies that will stamp the own brand merchandise.

3.3. Key Resources

Resources will be divided in material (specific) and immaterial (more general).

Immaterial

These sources refer to the facilities and the labor force.

Facilities

It is crucial for the local to be adequate, a diaphanous space, soundproofed and wide. Two scenarios will be considered, to later see which is the most profitable one:

- a) Rent facilities
- b) Build facilities from scratch

In the first scenario, the costs implied include renting the building and making reformations. When calculating the market share, the location chosen for the gym was just a terrain and there was not a building that could be rented. For this reason, a search will be carried out in the area to see which would be the price of renting a facility in the area of influence.

Firstly, to have an approximation of the size that the building should have, the areas that build up the gym are listed below with their corresponding squared meters, to then make a sum in order to determine the space needed:

- Reception and entrance area: 25m²
- Bar / leisure area: 50m²
- Female locker room: 50m²
- Male locker room: 50m²

**Both locker rooms include showers, toilettes and changing rooms*

- Nutritionist consultancy: 20m²
- Shop: 25m²
- Musculation area: 300m²
- Cardio area: 100m²
- Functional area: 80m²
- Powerlifting area: 150m²
- Other toilettes (2 for men and 2 for women): 3m²*4 toilettes = 12m²
- Warehouse: 15m²
- Parking: 400m²

Regarding the areas with machines, measures have been determined according to preferences (importance is given to musculation and powerlifting area).

Summing up all the measures, a space of approximately 1300m² will be needed.

To look for some references of prices for renting facilities, *habitaclia* has a first option of a building which is about 5km far from the area of influence. The size is 1.831m², much bigger

compared to what I need, and the price is 12.817€ (7€/m²). *Api.cat* shows another one in Hospitalet de Llobregat, 1.300m² at a price of 5€/m² (6500€). The size is exactly what my facilities require, but it is a bit far away of Barcelona, so some potential customers would be lost. In *poligons.com* has been found one in Sant Joan d’Espí, which is much closer to the desired location. The size is 1.273m² with a price of 5.800€/month (4,6€/m²), a very good option. Looking at the prices of the two facilities that have almost the same size than the one required, it can be seen that the price ranges between 4,6€-5€/m². The price will also increase due to the reformations required, so an estimated budget has been designed for the different expenses of the required reformations:

Type of reformation	Estimated budget in € without VAT
Minor works project	1.600€
Activity project	3.200€
Electrical installation	4.500€
Air conditioning and ventilation	4.800€
TOTAL	14.100€

Figure 5 – Budget for reformations | Source: Own elaboration

Regarding the second scenario, which consists in building the facilities from scratch, *habitissimo* states that the minimum price in Barcelona for constructing an industrial building of 1.500m² is 450.000€. *Arquitectos Barcelona* (which is a reliable source) state in their webpage of construction budgets that the price in Spain for constructing a building in a peripheral area ranges between 700-1000€/m². To do the calculation, the average between these two prices will be taken, which is 850€/m². Knowing that the gym needs an area of 1300m², the total price for constructing would be 1.105.000€.

A table has been designed in order to compare the costs of building from scratch and renting:

	Renting		Building from scratch	
Monthly price	€	6.500,00	€	1.105.000,00
Yearly price	€	78.000,00	€	1.105.000,00
Reformations	€	14.100,00	€	-
Total cost	€	92.100,00	€	1.105.000,00

Figure 6 - Comparison table | Source: Own elaboration

These calculations are of course approximations but, seeing the high price that would imply building from scratch, this option is completely discarded, so facilities will be rented.

Labor Force

According to the key activities defined previously, employees needed in order to develop them are the following:

- Team of trainers (6 trainers) → They will be internal employees and will work exclusively for the gym.
- Nutritionist → He/she will be an external worker who will rent the office for a monthly price of 505€.
- Bartender and chef → As mentioned above, the bar will be managed by an external company and two employees will be required: the one who is in the bar and acts as a waiter and the person who is in the kitchen.

- Social media and complaint manager → The same employee will impart both tasks, and he/she will be internal, as it is required for these tasks to be present in the facilities and be updated about what is happening
- Project manager → Will be the main helper of the general manager and will recruit and build the team of employees, as well as directing them inside the facilities. Also, he/she will have contact with the cleaning service and be in charge of the machinery maintenance.
- General manager: This will be my role, which consist basically on developing financial activities and working together with the project manager.

Material

Material resources encompass machinery (for musculation, powerlifting and cardio areas), functional material and furniture for the leisure area. The prices per unit can be found in appendix VII.

- *Machinery*

Musculation area

Machinery for the musculation area will be bought from two different companies: Hammer Strength and Life Fitness. Usually, gyms have machines from different brands, as they work differently so customers have the option to choose the one they feel more comfortable with. Inside the gym, machinery will be divided according to the muscular group they belong to, and inside each muscular group machines will be from different brands. Prices have been extracted from Life Fitness and Hammer Strength websites.

Powerlifting area

Regarding the powerlifting area, material will be bought from 2 different brands: Rogue and Eleiko. These two brands have been chosen because the material they sell is approved by the IPF (international powerlifting federation), meaning that it is calibrated.

**Units of cushioned are not indicated because it is counted by m2. It will be required for the deadlifting, so the floor and material keep protected. It will be an area of 10m2 more or less.*

Cardio area

This type of machinery will be leased, as it can't be moved from where its placed and possibilities of breaking them are very low. Also, leasing machinery gives sometimes access to newer or more advanced equipment at a lower cost than purchasing. They will be from the brand *Technogym*, so prices are extracted from their website.

- *Functional material*

All the items are also going to be bought (from Decathlon, as there is a good relation quality-price). Prices are also extracted from their website.

- *Leisure area furniture*

Prices have been extracted from Ikea website (except the vending machine, which is from a Chinese supplier).

Machinery	Functional Material	Leisure Area
Musculation area: 67.975€	990,62€	2.800€
Powerlifting area: 17.762€		
Cardio area (leased): 60.343€		

Figure 11 - Material resources I Source: Own elaboration

3.4. Budget for Production

The budget for production consists in the sum fixed and variable costs.

- *Variable costs*

As we are talking about a company that provides services, there is no production, so variable costs can't be quantified. The only variable cost that can be detected are utilities (water and electricity, which will exponentially increase as long as members increase).

- **Water:** The expenditure will be proportional to the consumption. Annex VIII shows the bimonthly invoice of a gym located nearby (it should be considered that this gym has smaller dimensions, so the price indicated in the bill is lower). However, as only the first year is being considered and in the sales forecast only 200 members are expected for that year, the water consumption during this first year will be much lower. Also, the consumption will vary during each month; for instance, in month 1 there are 10 members expected, so the invoice will be very low. The bill from the example equals 1.485,28€ bimonthly (742,5 per month), but this gym has for sure more than 200 members, so let's assume 500€ of consumption for my gym in month 12. This would be reasonable, as 500€/200 results in 2.5€, which represents the monthly water consumption per member.

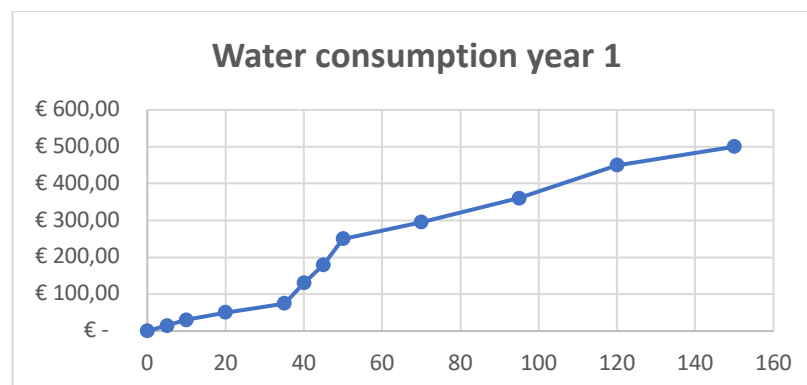


Figure 12 - Water consumption first year | Source: Own elaboration

- **Electricity:** It will depend on the power hired and the internal consumption that is produced. Annex VII shows the invoice from Iberdrola of a gym located nearby, but it looks smaller than mine, so this is the reason why the electricity invoice will be a little bit higher (it is based on assumptions).

- *Fixed costs*

These costs do not depend on the number of members, and are the following;

- **Internet:** Orange optic fiber will be contracted, the one named *Canguro Negocio*, which is aimed for small businesses. The amount is fixed throughout the year, varying slightly during summer months. For 18.95€ more, a mobile line is included.
- **Rent:** Includes the rent of the building and the machinery rented.
- **Salaries:** Employees who will receive a salary will be the ones who work internally (trainers and the social media manager). As mentioned in the portfolio of services, *Barcelona Activa* states the average salary of Spanish personal trainers is 1.359,6€/month. The company will pay to the trainers 850€/month for working part-time, and the rest of their income will come from personal trainings. The social media & complaint manager will also work part-time, with a monthly salary of 850€.

Expense	Cost in € first year
Electricity	1.200€/month * 12 = 14.400€
Internet	(84,99 + 18,95)*12 = 1.246,8€
Rent (building)	78.000€
Rent (machinery)	60.343€
Salary personal trainers	850€/month * 6 trainers * 12 months = 61.200€
Salary social media & complaint manager	850€/month * 1 employee * 12 months = 10.200€
TOTAL FC	225.389,8€

Figure 13- Table fixed costs | Source: Own elaboration

4. ORGANIZATION PLAN AND HUMAN RESOURCES

4.1. Organization Chart

The following organigram defines the hierarchy of the different job positions inside the organization, as well as specifying the competences, obligations, tasks and remunerations of each.

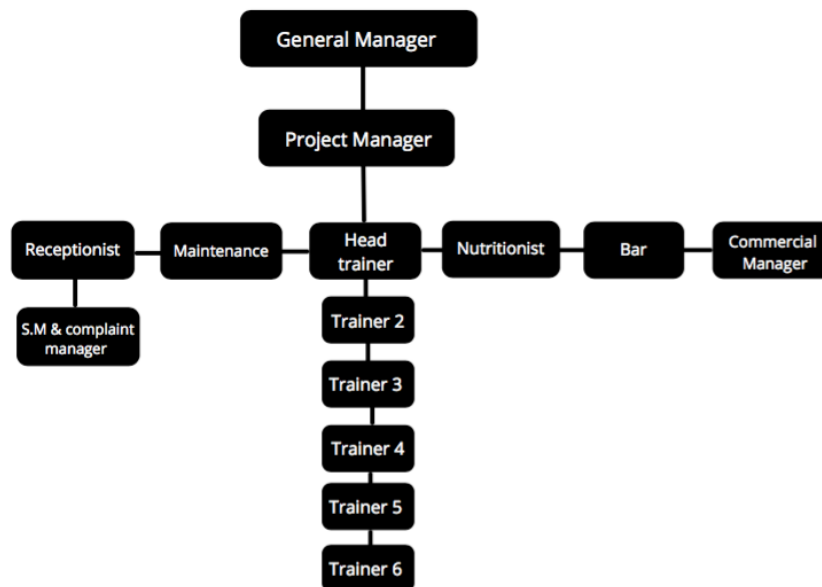


Figure 14 – Organization Chart | Source: Own elaboration

*The trainers 2 to 6 belong to the same hierarchical level, but for reasons of space they are placed in line.

The business structure has four differentiated levels, and all job positions are influential between them, it will never be worked in an independent way.

The first level includes the general manager, who will basically develop financial activities and work together with the project manager, who will be in direct contact with the trainers in order to lead and organize them. The project manager will also be in contact with the maintenance and cleaning service, setting their schedules, as well as with nutritionist (controlling that he/she pays the rent on time) the bar, receptionist and commercial manager. The project manager will report all the information coming from the mentioned activities to the general manager, and together they will take decisions. Regarding the team of trainers, there will be one person who will lead

and organize the team, the head trainer (who will also exert the function of personal trainer) and this employee will report to the project manager. Lastly, the receptionist will lead the social media & complaint manager, as he/she will provide solutions based on customer complaints and social media.

A meeting will be carried out every Monday including all the employees, which will consist in an informal assembly in order to talk about the tracking and company goals, changes, incidents or any point that each employee considers worth to mention.

4.2. Job Positions; Functions and Tasks

At this point, functions to develop by employees according to the organigram are going to be studied, and tasks will be defined. In order to do this, job positions are going to be analyzed, as well as the corresponding responsibilities, qualifications need, etc.

The analysis and description of job positions has only been done for internal employees, as external ones won't receive a salary and don't have experience requirements.

General manager; Analysis and description of the job position

▪ **Analysis of the job position**

General goal: Financing and accountancy of the company

Job denomination: General manager

Professional category: Owner

Salary: The owner will receive dividends, not a fixed salary.

▪ **Functions**

Keep the accountancy updated, register incomes and losses, make the balance sheet and profit & loss, design budgets, control of employees and find sources of financing.

▪ **Requirements**

Leadership, initiative, flexibility, cooperation abilities, capacity of decision-taking, empathy and ability to motivate employees.

▪ **Training/experience**

Minimum training: Degree on economics or business administration

Languages: B2 English

Minimum experience: 3 years working in the sector

Project manager; Analysis and description of the job position

▪ **Analysis of the job position**

General goal: Plan and direct the sports center

Job denomination: Project manager

Professional category: Partner

Salary: 1.500€ net/monthly (full-time job)

▪ **Functions**

Employee supervision, plan daily activities, analyze competition and organize weekly meetings.

▪ **Requirements**

Leadership, decision-taking ability, flexibility, ability to work in teams.

▪ **Training/experience**

Minimum training: Degree in business administration and master or higher degree in sports management

Languages: B2 English

Minimum experience: 2 years working in the sector

Head trainer; Analysis and description of the job position

▪ **Analysis of the job position**

General goal: Leader of personal trainers

Job denomination: Head trainer

Professional category: Employee

Salary: 1.000€ net/monthly (full-time job)

**The salary of the head coach will be a little bit higher compared to personal trainers, due to the extra activities needed to perform.*

- **Functions**

Employee training, establish the schedules of the trainer's team as well as supervising them and organize frequent meetings to have everything under control.

- **Requirements**

Ability of leadership and work in teams, initiative, good physical condition, motivational and collaborative.

- **Training/experience**

Minimum training: Degree in Science in Physical Activity and Sport Science. Level 2 Fitness Instructor.

Languages: B2 English

Minimum experience: 4-5 years performing personal trainings.

Personal trainer; Analysis and description of the job position

- **Analysis of the job position**

General goal: Perform personal trainings and supervise customers inside the facilities

Job denomination: Personal trainer

Professional category: Employee

Salary: 850€ net/monthly (part-time job)

**As mentioned before, the company will pay personal trainers 850€ for working part-time, the other income will come from personal trainings, so in this case it will only be considered what the company pays to these employees. The salary of the head coach will be a little bit higher, due to the extra activities needed to perform*

- **Functions**

Exert quality personal trainings, motivate customers, be constantly looking out customers in the strength room.

- **Requirements**

Ability to work in teams, initiative, good physical condition, motivational and collaborative.

- **Training/experience**

Minimum training: Degree in Science in Physical Activity and Sport Science. Level 2 Fitness Instructor.

Languages: B2 English

Minimum experience: 4-5 years performing personal trainings.

Receptionist; Analysis and description of the job position

- **Analysis of the job position**

General goal: Customer service & support

Job denomination: Receptionist

Professional category: Employee

Salary: 1000€ net/monthly (full-time job)

- **Functions**

Register new customers, provide information to potential customers, control data, update social media (together with the social media & complaint manager), receive and realize phone calls.

- **Requirements**

Responsible and organized person, good looking to clients, attitude, able to communicate, ability with human relations and dynamism.

▪ **Training/experience**

Minimum training: Superior degree in secretarial work

Languages: B2 English

Minimum experience: Not necessary, there will be a formation in charge of the company.

Social Media & Complaint Manager; Analysis and description of the job position

▪ **Analysis of the job position**

General goal: Manage social media and customer complaints

Job denomination: Social Media & Complaint Manager

Professional category: Employee

Salary: 800€ net/monthly (part-time job)

▪ **Functions**

Report all the information to the receptionist, keep customers updated about new implementations or changes, maintain activity on Instagram and Facebook, provide solutions to customers, gather customer information from social media, analyze competitor’s social media.

▪ **Requirements**

Organized person, communication abilities, problem-solving, creativity, abilities with social media and with technology

▪ **Training/experience**

Minimum training: Degree or superior degree in Marketing.

Languages: B2 English

Minimum experience: Not necessary, there will be a formation in charge of the company

Training Plans

Two training plans have been defined for the two job positions that require it:

• **Training plan for the receptionist**

Today's Date	February 1, 2022
Employee	Maria Gómez Sants
Current Job Title	Administrative
Goals	<ul style="list-style-type: none"> • Register customer data • Manage phone calls • Provide information to customers
Training needed	<ul style="list-style-type: none"> • Communication skills course • Accounting software • Keyboarding
Estimated Costs	\$340 Peachtree software training, \$90/month keyboarding course, \$750 communication course
Completion date	February 1, 2023

Figure 15 – Receptionist training plan | Source: Own elaboration

*The completion date coincides with the day on which the gym has planned to open its doors.

• **Training plan for the Social Media & Complaint Manager**

Today's Date	February 1, 2022
Employee	Cristina Serrano Ponts
Current Job Title	Digital Content Manager
Goals	<ul style="list-style-type: none"> • Manage customer complaints • Optimize the company's social media profiles • Develop social media strategies
Training needed	<ul style="list-style-type: none"> • Course in Content Marketing • Instagram and Facebook advertising • Social ROI and Value Analysis
Estimated Costs	\$249 introduction to Social ROI and Value Analysis, \$119 content marketing course, \$6355 IIDE Facebook & Instagram Ads Course with Certification
Completion date	February 1, 2023

Figure 16 - SM & Complaint manager training plan | Source: Own elaboration

4.3. Retribution Policy

In order to define the retribution policy, only internal employees have been considered, as they are the ones who will receive a fixed salary (trainers, receptionist and social media and complaint manager). Payments to external employees or companies are considered an expense and do not follow specific criteria.

A great retribution policy should promote the best employees by compensation policies and development, as well as incentivize employees to increase productivity and their will to improve. In order to compensate employees in an equitable and fair way, four differentiated criteria are going to be considered:

- **Goals and results:** Part of the salary will depend on if employees have achieved the defined goals (this can be either annual or monthly). Some KPI indicators will be defined in order to measure results and, therefore, being able to compensate staff fairly.
- **Employee performance:** Inside the same responsibility level (for instance, with the trainer's team) two people can develop tasks in different ways or get more or less involved on what they do. This is an important aspect to be considered, as it should be compensated in a larger extent the employee who is more efficient and does better his tasks. This will allow the company to retain people who better perform in their job position, and keep the staff in the long run, creating a professional and consolidated team.
- **Level of responsibility:** Depending on the workplace and its correspondent responsibility, remuneration will be higher, also depending on the hierarchic level and the relevance of the job. A flexible retribution policy to each employee will be carried out, compensating those who provide more value, and doing it in an equitable way.
- **Competences:** The company should foster employees' personal abilities, which should in turn be in line with the company's strategy.

Using these criteria, retribution components will be valued, depending on the hierarchical level of the worker, and the salary will have different aspects which will help to manage all the staff in a properly way. If employees are satisfied, their productivity and level of labor accomplishment will be higher, influencing positively to the company's competitiveness.

- Fixed salary: Monetary compensation to the employee due to his work, independent from the results obtained in the workplace.
- Variable salary: It can vary depending on if the objectives have been achieved in each workplace. This type of remuneration can be done in two ways; firstly, distributing a part

of the company’s net profit to the employees, depending on the workplace accomplishments of each worker. However, this way is not going to be implemented until the third year of life of the company, because expenses will be very high. The second way of applying variable remuneration will depend on how good personal trainers perform their job; if they are motivational and get more clients, their variable salary coming from personal trainings will increase as much as they want, because they will be free to decide how many personal trainings to perform per day (always outside the 4 working hours they have to perform in the facilities).

- **Salary in kind:** It refers to the part of the salary that does not come in form of money but includes different elements that benefit the employee at some point. A good example are the formation and development courses outside working hours, such as the ones previously mentioned on the training plans. Another example are the periodical formations that personal trainers will perform, as fitness is a discipline that requires constant technical formations and trainers need to be aware of them. The company will pay all the employee formations.
- **Social benefits:** It will be very considered by the company, and it refers to the part of the retribution that is not economical but increases life quality of employees and their environment. Some examples are conciliation with family life, flexible working hours considering employee needs or work recognition.

4.4. Economic valuation of the plan

It should not be forgotten the relation between the salary and motivation, as it is meaningful for every person, so this should be carefully managed and compensate according to the work performed. One of the most fragile aspects in human resources management refers to the perception that employees have over the work their performed compared to the compensation they receive. On the other side, salary costs represent an important percentage from the total costs of the company, which points out the close relation that exists between the profit figure and the retribution policy.

The following table shows the total expense on salaries and social security:

Expense	Total anual cost
Employees' gross salaries	98.700,00 €
Managers' gross salaries	49.000,00 €
Social Security	68.580,00 €
TOTAL	216.280,00 €

Figure 17 – Salaries and SS expense | Source: Own elaboration

Further details on how the table has been developed can be found in annex XII. It should be clarified that, in order to calculate the expenses in social security, the following percentages have been applied over the gross salary of each employee (except for the general manager):

- 23,60% commune contingencies
- 5,5% general type of unemployment for indefinite contract
- 0,20% FOGASA (Fondo de Garantía Salarial)
- 0,70% formations

5. LEGAL – FISCAL PLAN

5.1. Legal form

In order to determine which would be the most adequate legal form for the company, the most important features have been studied in order to choose the most suitable one.

First of all, companies that are characterized by having unlimited liability to third parties have been discarded. This decision is beneficial because no partner will respond with their assets. Civil society, property communities, limited partnerships and the sole proprietor have been ruled out for failing to meet the appropriate characteristics.

For the gym, the number of partners will be two, the project manager and the manager, and the percentage of representation, share capital, will be 60% of the manager and 40% of the project manager. Therefore, it will be eliminated the option of labor companies and joint-stock companies as well, for not having control over the number of partners in the company.

Considering all the previous points, it has been decided that the best legal option for the company is a limited society (Ltd).

The steps that need to be followed in order to build a Ltd in Spain are the following:

1. **Register the name of the company in the Mercantile Register**, to make sure that there is no other society with the same name.
2. **Opening a bank account with the company name.** Once the certificate has been obtained, a bank account should be opened by entering the minimum initial capital, 3.000€.
3. **Prepare the articles of association**, which represent the set of norms that will govern the company. This is usually done by means of a lawyer or a notary.
4. **Public deed of the constitution**, which needs to be signed in front of a notary by all the company's partners.
5. **Settlement of the Tax on Property Transfers**
6. **Procedures in the Treasury**, which implies obtaining the NIF, registration in the IAE and census declaration (IVA).
7. **Inscription in the Mercantile Register** in the province in which the registered office has been established. To do so, there is a period of two months from obtaining the deed of the constitution.
8. **Obtention of the definitive N.I.F**, which is the last action, implies going back to the Treasury to exchange the provisional N.I.F by the definitive one, once the incorporation of the company has been effectively registered.

Regarding the assessment at legal, financial and accounting-labor level, different candidates are going to be evaluated in case assistance is needed at some point. Of course, the area to look for these societies is Barcelona.

The first chosen candidate has been Garrigues Barcelona, a very well positioned law firm. One of their services consists in offering legal and fiscal assessment to athletes and entities that operate in the sports and training sector. This description can be found in their webpage: *“assessment to clubs on all legal and fiscal matters: contracts, lawsuits and arbitrations, contests, brand protection, conflicts in competition matters and recurring advice on tax matters”*.

Another option is GC Asesoría Deportiva, located in Passeig de Gràcia. They offer all kinds of advisory and consultancy services for sports facilities: sports management; juridical and legal; projects and legalizations; efficiency technical solutions; maintenance; Marketing and Communication; specialized training, technical reports as well as internal audits.

Lastly, another good candidate found is SportLex, another consultancy of legal and sports assessment. They have a long-standing experience in the global sports sector and provide

advice to organizations, as well as financial support with long-term projects or in situations of shortfall in resources.

In order to have complete trust between partners and transparency in possible upcoming conflicts, a partner's agreement will be developed, which is a legal document that specifies the essential points to decide some internal issues:

- **Functioning of the company:** The team of partners promoting the business, together with professional advisors, will agree on how to face possible tax and legal incidents that exist in the activity intended to develop.
- **Owns roles:** Determining the functions that each member will develop inside the society will be crucial, so everybody is sure about the tasks they need to develop. In this case, the members of the management team will be two: the project manager and the manager, and the various tasks are described on the human resources plan, along with salaries and links to the entrepreneurial project. The time of dedication, along with the availability of each of the members, and the relationship between the project and the mid-term term. One way to ensure that all of them are at the same level of compromise is by getting a permanence commitment, which in the case of this company the two investors will be full-time dedicated.
- **Participation percentage:** Capital that each partner will contribute to the company, and what percentage of the company will obtain. It is a key issue as this will govern the decisions to be made. There will also be rules and minimum capital in case another partner wants to join the company.
- **Confidentiality and competence:** None of the entrepreneurs in the company will be able to use the information for their own benefit, neither using the project to carry out their own activities that involve direct competition for the company.

5.2. Rules and Regulations

Facilities which are open to the public, such as gyms, need to comply some accessibility requirements, which are the following (very general):

- The routes inside the premises must be wide enough so that anyone can move and turn comfortably (minimum 1.20 meters).
- It must be available, at least, one toilet for people in wheelchairs, which has one turning radius of 1.50 meters, with side access to toilet, with minimum door clearance of 80 centimeters and opening to the outside or sliding.
- The principal access door must have a minimum width of 80 centimeters.
- Ramp of access to the facilities, slope between 8% and 12%.

Regarding the prevention to fires inside the facilities:

- Safety signs should be placed correctly. The “exit” plates should point out the right direction and should be visible.
- Emergency luminaires should be placed in emergency exits in a visible way, as well as activate after a mistake in electric installations.
- Facility exits should directly communicate with a secure exterior space.
- It should be revised that fire extinguishers keep their place and signaling.

For reasons of health, there must be a system that guarantees a continuous renewal of the premises' air, as well as a temperature control by means of air conditioning systems.

Also, it would be ensured that the fumes and gases that may originate from the boilers, ovens or stoves provided by our premises are properly evacuated.

Both electrical installations, plumbing and drainage must be properly calculated and in accordance with current regulations.

As this won't be an international company and services are offered just at a local level, there won't be a European or autonomic impact, but municipal.

Firstly, it should be considered that the gym will be private, which means that it won't be neither financed or managed by the city council. However, it will be necessary to ask the city council for a permit in order to build a sportive center in the area of Barcelona. For the sake of simplicity, this has been assumed in the project.

However, the company should follow some regulations proposed by Barcelona city council, and they can be found in a document which includes the regulations regarding sportive installations. Chapter IV states the different articles concerning the regulations in private sportive installations, and some of the most highlighted ones are:

- *“The municipal administration, with the mechanisms allowed by current legislation, will ensure that private sports facilities meet the minimum requirements that guarantee the sporting purpose of its nature”.*
- *“To apply for a license to open any sports facility or activity, you must prove the existence of a Protection and Emergency Plan”.*

In Spain, the VI State Agreement on sport facilities and gyms (IV Convenio colectivo estatal de instalaciones deportivas y gimnasios) regulates the working conditions of all companies, whatever the legal form they adopt, whose purpose or economic activity is the offer and/or provision of services related to physical exercise. This agreement was registered and published in the BOE the 11th of June of 2018 and regulates issues such as employment conditions and salaries. However, when the Covid pandemic started rules changed and sportive installations were also submitted to the regulations of the Ministry of Health, which changed continuously and were almost impossible to predict.

6. ECONOMIC - FINANCIAL PLAN

6.1. Investment Items

As mentioned in the material resources, investment items will be related to machinery, which are the following:

Machinery	Functional Material	Leisure Area
Musculation area: 67.975€ Powerlifting area: 17.762€ Cardio area (leased): 60.343€	990,62€	2.800€

All items will be bought except 60.343€ from cardio machinery, which are leased (therefore they are not considered investments).

Without considering this lease, the total investment in machinery is 89.527,52€. This investment won't be done at once, it will be splitted among the first 3 years:

- Actuation 1: 25.000€
- Actuation 2: 50.000€
- Actuation 3: 14.528€

*These investments are placed in the balance sheet as capex

Considering a useful life for the machines of 10 years, this would be the amortization table:

Useful life of the machine	10 years													
	Total investment € 89.527,52													
3 investments:	YEAR 1				YEAR 2				YEAR 3					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Actuation 1	25.000	625	625	625	625	625	625	625	625	625	625	625	625	
Actuation 2	50.000			1.250	1.250	1.250	1.250	1.250	1.250	1.250	1.250	1.250	1.250	
Actuation 3	14.528							363	363	363	363	363	363	
TOTAL	€ 625,00	€ 625,00	€ 625,00	€ 1.875,00	€ 1.875,00	€ 1.875,00	€ 1.875,00	€ 2.238,19	€ 2.238,19	€ 2.238,19	€ 2.238,19	€ 2.238,19	€ 2.238,19	

Regarding leased machinery, the total lease (60.343€) will also be splitted between the first 3 years:

- 20% in year 1 → 12.069€
- 40% in year 2 → 24.137€
- 40% in year 2 → 24.137€

Year 1				Year 2				Year 3			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
3.017 €	3.017 €	3.017 €	3.017 €	6.034 €	6.034 €	6.034 €	6.034 €	6.034 €	6.034 €	6.034 €	6.034 €

This table appears in the P&L as machinery rent

6.2. Profit & Loss Forecast

For the purpose of forecasting the income statement, it will be analyzed from the perspective of a realistic scenario of the first 3 years of the company's life. The purpose of the income statement is to provide information about the economic result, indicating the forecast of profit or loss for the company. In order to do this, the 3 analyzed years have been decomposed in quarters, to see which is the situation of each of them:

	YEAR 1				YEAR 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenues from membership	3.899	12.348	25.671	35.420	48.643	58.792	67.890	72.440
Revenues from personal trainings	300	1.200	2.100	4.500	4.800	5.400	5.880	6.420
Variable Costs	-11.513	-12.348	-17.150	-19.110	-26.390	-27.000	-31.369	-31.960
Utilities	-566	-816	-1.166	-1.566	-1.766	-1.986	-2.176	-2.416
Machinery rent	-3.017	-3.017	-3.017	-3.017	-6.034	-6.034	-6.034	-6.034
Variable salary cost	-7.930	-8.515	-12.968	-14.528	-18.590	-18.980	-23.160	-23.511
GROSS PROFIT	-7.313	1.200	10.621	20.809	27.053	37.192	42.401	46.899
Fixed Costs	-33.907	-32.107	-31.384	-31.159	-30.102	-30.002	-29.777	-29.702
Fixed salaries	-12.740	-12.740	-12.740	-12.740	-12.740	-12.740	-12.740	-12.740
Facilities rent	-19.500	-19.500	-19.500	-19.500	-19.500	-19.500	-19.500	-19.500
Other operating costs	-2.752	-2.752	-2.752	-2.752	-1.752	-1.752	-1.752	-1.752
Other revenue (merch. + bar fee + cons. rent)	1.085	2.885	3.608	3.833	3.890	3.990	4.215	4.290
EBITDA	-41.220	-30.906	-20.764	-10.350	-3.049	7.190	12.624	17.197
Depreciation	-625	-625	-625	-1.875	-1.875	-1.875	-1.875	-2.238
EBIT	-41.845	-31.531	-21.389	-12.225	-4.924	5.315	10.749	14.959
Financial expenses	-250	-625	-875	-1.750	-1.750	-1.750	-1.625	-1.625
Profit before tax	-42.095	-32.156	-22.264	-13.975	-6.674	3.565	9.124	13.334
Corporate tax	10.524	8.039	5.566	3.494	1.668	-891	-2.281	-3.334
Net Income	-31.571	-24.117	-16.698	-10.481	-5.005	2.674	6.843	10.001

	YEAR 3			
	Q1	Q2	Q3	Q4
Revenues from membership	79.864	83.239	86.313	89.313
Revenues from personal trainings	6.420	6.960	7.260	7.500
Variable Costs	-35.878	-36.329	-36.574	-36.830
Utilities	-2.466	-2.566	-2.616	-2.716
Machinery rent	-6.034	-6.034	-6.034	-6.034
Variable salary cost	-27.378	-27.729	-27.924	-28.080
GROSS PROFIT	50.406	53.870	57.000	59.983
Fixed Costs	-28.552	-28.427	-28.327	-28.327
Fixed salaries	-12.740	-12.740	-12.740	-12.740
Facilities rent	-19.500	-19.500	-19.500	-19.500
Other operating costs	-752	-752	-752	-752
Other revenue (merch. + bar fee + cons. rent)	4.440	4.565	4.665	4.665
EBITDA	21.855	25.443	28.673	31.656
Depreciation	-2.238	-2.238	-2.238	-2.238
EBIT	19.616	23.205	26.435	29.418
Financial expenses	-1.375	-1.000	-750	-375
Profit before tax	18.241	22.205	25.685	29.043
Corporate tax	-4.560	-5.551	-6.421	-7.261
Net Income	13.681	16.654	19.263	21.782

It can be seen that results are not as successful as expected. Firstly, EBITDA is not positive until Q1 in the second year and, once it becomes positive, the growth is not big enough to compensate losses in the first year. It can be seen that EBITDA is -41k in Q1, so considering that the company's share capital is 50k€, it was almost all expended during the first 3 months, which means that the company is burning much more money than the one that is generating.

Fixed costs represent a big expense mainly due to the rent of the facilities.

Depreciation is gradually increasing, as all initial investment in machinery is deteriorating and must be accounted for.

Financial expenses keep increasing until the beginning of year 3 because, as it will be seen in the balance sheet, bank loans will be very high during that period.

With respect to the net income, it has increased almost 70% from year 1 to year 3, which is very positive but not enough to compensate the amount of cash that the company lost.

Notes:

Revenue from memberships is extracted from the sales forecast developed before (can be found in annex XIII).

Variable salary costs are the result of multiplying the average personal training hours performed by trainers by the average FTE trainers → Not all the team of 6 trainers will work since the beginning, they will start as long as members increase.

Fixed salaries are the salaries of employees who will work in the company no matter the number of members (SM& Complaint manager, receptionist and head coach).

Operating costs include marketing and technology costs; marketing costs are higher at the beginning because the company needs to be more visible by then. They were calculated previously during the project.

Variable salary costs are shown in appendix XIII (figure 25)

6.3. Balance Sheet

The balance sheet consists of the company's assets, liabilities, and equity, coinciding with the result for the year. The evolution of the patrimonial masses in the first three years will be analyzed below.

	YEAR 1				YEAR 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed Assets	24.375	23.750	23.125	71.250	69.375	67.500	65.625	77.914
Deferred tax assets	10.524	18.563	24.129	27.623	29.291	28.400	26.119	22.785
Debtors	433	1.372	2.852	3.936	5.405	6.532	7.543	8.049
Cash	3.096	627	-2.492	4.324	-1.944	2.369	2.357	2.896
Total Assets	38.429	44.311	47.614	107.132	102.127	104.801	101.644	111.644
Equity	18.429	-5.689	-22.386	-32.868	-37.873	-35.199	-28.356	-18.356
Bank loans	20.000	50.000	70.000	140.000	140.000	140.000	130.000	130.000
Creditors								
Total Equity & Liabilities	38.429	44.311	47.614	107.132	102.127	104.801	101.644	111.644
Capex	25.000			50.000				14.528
Depreciation	-625	-625	-625	-1.875	-1.875	-1.875	-1.875	-2.238
Net value fixed assets	24.375	23.750	23.125	71.250	69.375	67.500	65.625	77.914
Cumulated losses before tax	-42.095	-74.251	-96.515	-110.490	-117.164	-113.599	-104.475	-91.141

	YEAR 3			
	Q1	Q2	Q3	Q4
Fixed Assets	75.676	73.438	71.200	68.962
Deferred tax assets	18.225	12.674	6.252	0
Debtors	8.874	9.249	9.590	9.924
Cash	2.551	-3.381	4.200	4.140
Total Assets	105.325	91.979	91.243	83.025
Equity	-4.675	11.979	31.243	53.025
Bank loans	110.000	80.000	60.000	30.000
Creditors				
Total Equity & Liabilities	105.325	91.979	91.243	83.025
Capex				
Depreciation	-2.238	-2.238	-2.238	-2.238
Net value fixed assets	75.676	73.438	71.200	68.962
Cumulated losses before tax	-72.899	-50.694	-25.010	0

The balance sheet is composed of different items:

- Assets:** The main investment is given in fixed assets by the whole set of machinery for the daily functioning of the company. Deferred tax assets are the result of multiplying the cumulated losses before tax (as the company had negative results until the second year) by the tax rate (25%). For the debtors, it is considered 10 debtors days (as usually some clients pay the membership with delay).
- Liabilities and equity:** Initial capital contribution is 50.000€, but it is already consumed in the first 3 months, so the company needs to start asking for bank loans which increase gradually. Creditors are 0 because as it is a service company, there are no supplier days. Regarding the equity, it is negative until year 3, as net income is not big enough to compensate the cumulated negative equity from the previous months.

Capex refers to the different investments in machinery that the company did in order to finance fixed assets. The higher capex equals 50.000€ and it is done in the Q4 of year 1, and this is also the reason why bank loans increase the double in that period, in order to finance this investment.

6.4. Cash-Flow Statement

CASH-FLOW CHECK	
EBITDA (year 3)	38.349
Change Working Capital	-9.924
Capex paid	-89.528
Operating cash-flow	-61.102
Shareholders contribution	50.000
Interest paid	-13.750
Cash tax	-1.008
Total cash-flow	-25.860
Initial net cash position	0
Final cash position	-25.860

With the cash-flow analysis we are able to see the company's ability to generate cash.

This statement confirms again that the company is spending more money than the one that it generates.

At least, in the first 3 years the company is not able to cover expenses from sales alone.

6.5. Designing an optimistic scenario

As it has been seen until now, the expected scenario does not seem very hopeful, mainly due to the fact that the company requires a high investment which can't be covered with the forecasted memberships (which is the main source of revenue). This is the reason why the expected scenario is also considered the pessimistic, and an optimal scenario has been designed.

In this optimal scenario, revenues from memberships in the P&L have been multiplied by 2, and this has given rise to a very different situation:

	YEAR 1				YEAR 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenues from membership	7.799	24.696	51.342	70.839	97.286	117.583	135.781	144.879
Revenues from personal trainings	300	1.200	2.100	4.500	4.800	5.400	5.880	6.420
Variable Costs	-11.513	-12.348	-17.150	-19.110	-26.390	-27.000	-31.369	-31.960
Utilities	-566	-816	-1.166	-1.566	-1.766	-1.986	-2.176	-2.416
Machinery rent	-3.017	-3.017	-3.017	-3.017	-6.034	-6.034	-6.034	-6.034
Variable salary cost	-7.930	-8.515	-12.968	-14.528	-18.590	-18.980	-23.160	-23.511
GROSS PROFIT	-3.414	13.548	36.292	56.229	75.696	95.983	110.291	119.339
Fixed Costs	-33.907	-32.107	-31.384	-31.159	-30.102	-30.002	-29.777	-29.702
Fixed salaries	-12.740	-12.740	-12.740	-12.740	-12.740	-12.740	-12.740	-12.740
Facilities rent	-19.500	-19.500	-19.500	-19.500	-19.500	-19.500	-19.500	-19.500
Other operating costs	-2.752	-2.752	-2.752	-2.752	-1.752	-1.752	-1.752	-1.752
Other revenue (merch. + bar fee + cons. ren)	1.085	2.885	3.608	3.833	3.890	3.990	4.215	4.290
EBITDA	-37.321	-18.558	4.907	25.069	45.594	65.981	80.514	89.637
Depreciation	-625	-625	-625	-1.875	-1.875	-1.875	-1.875	-2.238
EBIT	-37.946	-19.183	4.282	23.194	43.719	64.106	78.639	87.399
Financial expenses	-188	-438	-438	-750	-313	0	0	0
Profit before tax	-38.133	-19.621	3.845	22.444	43.407	64.106	78.639	87.399
Corporate tax	9.533	4.905	-961	-5.611	-10.852	-16.027	-19.660	-21.850
Net Income	-28.600	-14.715	2.884	16.833	32.555	48.080	58.979	65.549

	YEAR 3			
	Q1	Q2	Q3	Q4
Revenues from membership	159.729	166.478	172.627	178.626
Revenues from personal trainings	6.420	6.960	7.260	7.500
Variable Costs	-35.878	-36.329	-36.574	-36.830
Utilities	-2.466	-2.566	-2.616	-2.716
Machinery rent	-6.034	-6.034	-6.034	-6.034
Variable salary cost	-27.378	-27.729	-27.924	-28.080
GROSS PROFIT	130.271	137.109	143.313	149.296
Fixed Costs	-28.552	-28.427	-28.327	-28.327
Fixed salaries	-12.740	-12.740	-12.740	-12.740
Facilities rent	-19.500	-19.500	-19.500	-19.500
Other operating costs	-752	-752	-752	-752
Other revenue (merch. + bar fee + cons. ren)	4.440	4.565	4.665	4.665
EBITDA	101.719	108.682	114.986	120.969
Depreciation	-2.238	-2.238	-2.238	-2.238
EBIT	99.481	106.444	112.748	118.731
Financial expenses	0	0	0	0
Profit before tax	99.481	106.444	112.748	118.731
Corporate tax	-24.870	-26.611	-28.187	-29.683
Net Income	74.611	79.833	84.561	89.048

The income statement shows that EBITDA would only be negative during the first 6 months, and from that moment on the company would start generating cash. Similarly, net income would be negative during the first 6 months, but those losses would be compensated at the beginning of year 2.

	YEAR 1				YEAR 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed Assets	24.375	23.750	23.125	71.250	69.375	67.500	65.625	77.914
Deferred tax assets	9.533	14.438	13.477	7.866	0	0	0	0
Debtors	867	2.744	5.705	7.871	10.810	13.065	15.087	16.098
Cash	1.625	752	2.261	-586	3.772	26.472	85.304	137.553
Total Assets	36.400	41.685	44.568	86.402	83.957	107.037	166.016	231.565
Equity	21.400	6.685	9.568	26.402	58.957	107.037	166.016	231.565
Bank loans	15.000	35.000	35.000	60.000	25.000			
Creditors								
Total Equity & Liabilities	36.400	41.685	44.568	86.402	83.957	107.037	166.016	231.565
Capex	25.000			50.000				14.528
Depreciation	-625	-625	-625	-1.875	-1.875	-1.875	-1.875	-2.238
Net value fixed assets	24.375	23.750	23.125	71.250	69.375	67.500	65.625	77.914
Cumulated loses before tax	-38.133	-57.754	-53.909	-31.465	0	0	0	0

	YEAR 3			
	Q1	Q2	Q3	Q4
Fixed Assets	75.676	73.438	71.200	68.962
Deferred tax assets	0	0	0	0
Debtors	17.748	18.498	19.181	19.847
Cash	212.752	294.073	380.189	470.809
Total Assets	306.176	386.009	470.570	559.618
Equity	306.176	386.009	470.570	559.618
Bank loans				
Creditors				
Total Equity & Liabilities	306.176	386.009	470.570	559.618
Capex				
Depreciation	-2.238	-2.238	-2.238	-2.238
Net value fixed assets	75.676	73.438	71.200	68.962
Cumulated loses before tax	0	0	0	0

In the balance sheet it can be seen that the company would only need to ask for bank loans in the first year, which also reduces financial expenses in the P&L. Deferred taxes disappear in year 2 because the company starts having a positive net income.

To end with, cash flow statement confirms that, in this scenario, the company would be able to generate cash:

EBITDA (year 3)	702.182
Change Working Capital	-19.847
Capex paid	-89.528
Operating cash-flow	592.807
Shareholders contribution	50.000
Interest paid	-2.125
Cash tax	-169.873
Total cash-flow	470.809
Initial net cash position	0
Final cash position	470.809

7. CONCLUSIONS

The purpose of the business plan has been to study the feasibility of opening a gym in the city of Barcelona; the trend in this sector is on the rise and many people prefer to train fitness in a big space equipped with the newest material, which is impossible to find in traditional gyms located in the city center.

The value proposal has been done basically to differentiate from competition and to offer something that can't be found in the market nowadays; bring the American style of gyms here in Spain, taking advantage that the industry is experiencing a boom since the Covid pandemic. It is true that this is not something "innovative" as such, because it was already seen when analyzing the national competence that some Spanish communities already adopted this style of training, but it is not something common to see in the area of Barcelona.

Finally, the economic and financial plan has shown that the main problem of this project has been underestimating the number of members considering the huge investment in machinery and the size of the facilities. The designed optimistic scenario has demonstrated that, if the gym achieved twice of the members than forecasted (or even a bit less), the business would be successful.

8. APPRECIATIONS

To my dad for his help, support and good advices, as he has encouraged me to look at this business from other perspectives.

To my tutor Axel for his constant dedication and for the attention every time that I have needed it.

9. ABSTRACT

English

The purpose of this project is to analyze the viability and profitability of building a gym in the outskirts of Barcelona, starting from the detection of a need in the market; the lack of spacious gyms in the city center (where most gyms are, apart from small, crowded during peak hours) and the need of bringing the American style of training to Spain.

In order to do this, an analysis of competition has been developed, followed by a marketing, operations and human resources plan together with their corresponding budgets. These budgets have been later used to develop a financial plan forecasted 3 years, from where it can be concluded that revenues coming from memberships are not enough to cover the investment in machinery and facilities rent.

To see what could have been done different to make this business profitable, an optimistic scenario has been designed by multiplying by 2 the membership revenues, which has shown that, if a bit less than the double of members were achieved, the company would start being profitable from the quarter 2 on.

Spanish

El objetivo de este proyecto es analizar la viabilidad y rentabilidad de la construcción de un gimnasio en las afueras de Barcelona, partiendo de la detección de una necesidad en el mercado; la falta de gimnasios amplios en el centro de la ciudad (donde la mayoría de los gimnasios, además de pequeños, están abarrotados en horas punta) y la necesidad de traer el estilo americano de entrenamiento a España.

Para ello se ha desarrollado un análisis de la competencia, seguido de un plan de marketing, operaciones y recursos humanos junto con sus correspondientes presupuestos. Estos presupuestos se han utilizado posteriormente para desarrollar un plan financiero previsto a 3 años, de donde se puede concluir que los ingresos provenientes de las membresías no son suficientes para cubrir la inversión en alquiler de maquinaria e instalaciones.

Para ver qué se podría haber hecho diferente para que este negocio fuera rentable, se ha diseñado un escenario optimista multiplicando por 2 los ingresos por membresía, lo que ha demostrado que, si se lograra un poco menos del doble de miembros, la empresa comenzaría a ser rentable a partir del segundo trimestre en adelante.

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11. APPENDIX

APPENDIX I

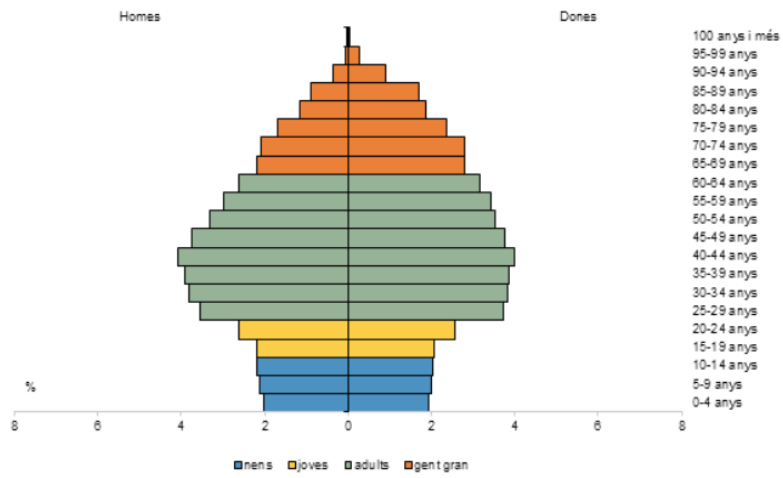


Figure 14 - Barcelona population pyramid | Source: Ajuntament de Barcelona, 2021

APPENDIX II



Figure 15 - Hospitalet population pyramid | Source: Ajuntament d'Hospitalet, 2020

APPENDIX III

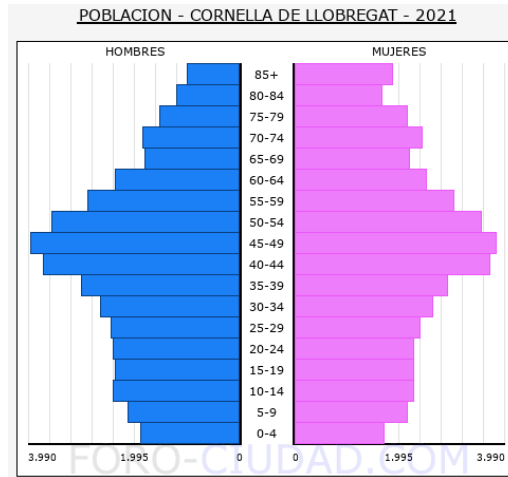


Figure 16 - Cornellà population pyramid | Source: Ajuntament de Cornellà, 2020

APPENDIX IV

Type of Website	Using a Website Builder	Web Hosting	Customize Domain & Advanced Features (per month)	Hiring a Web Designer
Blog	Free	Free	\$14.00-\$39.00	\$15-\$1,000
eCommerce	Free	Free	\$23.00-\$49.00	\$25-\$4,200
Event	Free	Free	\$14.00-\$39.00	\$15-\$1,000
Portfolio	Free	Free	\$14.00-\$39.00	\$15-\$1,000
Other	Free	Free	Average \$22.00	Average \$300

Figure 17 - Wix website creation prices | Source: WIX website

APPENDIX V

One	Premium	Gold
100€*	600€*	2500€*
1 Usuario 1 Empresa Gestión de Stock Tallas y Colores Ciclo de Compras (Pedido, Albarán y Factura) Ciclo de Ventas (Presupuesto, Pedido, Albarán y Factura) Carteta de Cobros (SEPA 19 Y SEPA 58) Cartera de Pagos (SEPA 34) Producción Estadísticas <input type="checkbox"/> Copia de seguridad automática (300€) ⓘ	3 Usuarios Empresas ilimitadas Gestión de Stock Tallas y Colores Ciclo de Compras (Pedido, Albarán y Factura) Ciclo de Ventas (Presupuesto, Pedido, Albarán y Factura) Carteta de Cobros (SEPA 19 Y SEPA 58) Cartera de Pagos (SEPA 34) Producción Estadísticas Control de usuarios y permisos <input type="checkbox"/> Copia de seguridad automática (300€) ⓘ	10 Usuarios Empresas ilimitadas Gestión de Stock Tallas y Colores Ciclo de Compras (Pedido, Albarán y Factura) Ciclo de Ventas (Presupuesto, Pedido, Albarán y Factura) Carteta de Cobros (SEPA 19 Y SEPA 58) Cartera de Pagos (SEPA 34) Producción Estadísticas Control de usuarios y permisos Copia de seguridad automática

Figure 18– Microarea MaGest fees | Source: Microarea GESTBOX

APPENDIX VI

One	Premium	Gold
100€*	600€*	2500€*
1 Usuario 1 Empresa Balances Libros registro de I.V.A. e I.G.I.C. I.V.A. (303) I.R.P.F. (111-115-130) Sociedades (202-200) Declaraciones informativas (180-340-347-349-390) Apertura y cierre del ejercicio. <input type="checkbox"/> Norma 43 para conciliación bancaria (300€) ⓘ <input type="checkbox"/> Módulo SII para el suministro inmediato de información (300€) ⓘ <input type="checkbox"/> Contabilidad analítica (300€) ⓘ <input type="checkbox"/> Módulo para empresas sin ánimo de lucro (300€) ⓘ <input type="checkbox"/> Copia de seguridad automática (300€) ⓘ	3 Usuarios (ampliable) Empresas ilimitadas Balances Libros registro de I.V.A. e I.G.I.C. I.V.A. (303) I.R.P.F. (111-115-130) Sociedades (202-200) Declaraciones informativas (180-340-347-349-390) Apertura y cierre del ejercicio. Control de usuarios y permisos. <input type="checkbox"/> Norma 43 para conciliación bancaria (300€) ⓘ <input type="checkbox"/> Módulo SII para el suministro inmediato de información (300€) ⓘ <input type="checkbox"/> Contabilidad analítica (300€) ⓘ <input type="checkbox"/> Módulo para empresas sin ánimo de lucro (300€) ⓘ <input type="checkbox"/> Copia de seguridad automática (300€) ⓘ	10 Usuarios Empresas ilimitadas Balances Libros registro de I.V.A. e I.G.I.C. I.V.A. (303) I.R.P.F. (111-115-130) Sociedades (202-200) Declaraciones informativas (180-340-347-349-390) Apertura y cierre del ejercicio. Control de usuarios y permisos. Norma 43 para conciliación bancaria Módulo SII para el suministro inmediato de información Contabilidad analítica Módulo para empresas sin ánimo de lucro Copia de seguridad automática

Figure 19 - Microarea MaConta fees | Source: Microarea GESTBOX

APPENDIX VII

Machine	Units	Price/unit	Total
Adjustable bench	8	265 €	2.120 €
Barbell stand	2	100 €	200 €
Cable crossover	2	3.695 €	7.390 €
Dumbbells stand	2	1.500 €	3.000 €
Decline bench press	5	200 €	1.000 €
Flat bench press	5	250 €	1.250 €
Incline bench press	3	1.000 €	3.000 €
Dual cable pulley	2	1.770 €	3.540 €
Lat pulldown	4	500 €	2.000 €
Hack squad	2	1.700 €	3.400 €
Multipower machine	2	1.550 €	3.100 €
Leg extension	2	2.100 €	4.200 €
Leg press	2	2.500 €	5.000 €
Peck-deck	2	570 €	1.140 €
Leg abduction	2	2.000 €	4.000 €
Leg adduction	2	2.195 €	4.390 €
Chest press	2	2.200 €	4.400 €
Power tower	2	300 €	600 €
Abs bench	3	80 €	240 €
Shoulder press	3	1.995 €	5.985 €
Scott bench	1	625 €	625 €
Seated row	2	1.995 €	3.990 €
Pull-up assisted	1	2.100 €	2.100 €
Deadlift bar	1	500 €	500 €
Flat bench	7	115 €	805 €
			67.975 €

Figure 20 - Muscultation area: price/unit | Source: Own elaboration

Machine	Units	Price/unit	Total
Barbell bar	3	335 €	1.005 €
Platform	3	380 €	1.140 €
Power rack	2	1.200,95 €	2.402 €
Squat rack	2	1.770 €	3.540 €
Safety bar	1	500 €	500 €
Olympic bench press	3	1.000 €	3.000 €
Iron plate (2,5kg)	10	60 €	600 €
Iron plate (5kg)	10	105 €	1.050 €
Iron plate (10kg)	10	155 €	1.550 €
Iron plate (20kg)	8	180 €	1.440 €
Iron plate (25kg)	6	230 €	1.380 €
Cushioned floor	x	124€/8m2	155 €
			17.762 €

Figure 21 - Powerlifting area: price/unit | Source: Own elaboration

Machine	Units	Price/unit/month	Total (month)	Total (year)
Treadmill	10	143,75 €	1.438 €	17.250 €
Indoor rower	3	164,58 €	494 €	5.925 €
Static bike	5	95 €	477 €	5.725 €
Elliptical trainer	7	143,75 €	1.006 €	12.075 €
Stair climber	3	135,75 €	407 €	4.887 €
Stair stepper	3	177,72 €	533 €	6.398 €
Elliptical bike	5	134,72 €	674 €	8.083 €
				60.343 €

Figure 22 - Cardio area: price/unit | Source: Own elaboration

Machine / Item	Units	Price/unit	Total
Punching bag	1	119,99 €	119,99 €
Medicine ball	2	20 €	40,00 €
Kettlebell (4kg)	1	9,99 €	9,99 €
Suspension trainer	1	25,99 €	25,99 €
Resistance bands	4	6,99 €	27,96 €
Foam roller	5	13,95 €	69,75 €
Stretching machine	1	259,95 €	259,95 €
Push-up bars	2	49,99 €	99,98 €
Battle ropes	2	59,95 €	119,90 €
Plyometric box	1	56,99 €	56,99 €
Jump ropes	2	8,99 €	17,98 €
Ab roller	2	6,59 €	13,18 €
Stability ball	1	18,99 €	18,99 €
Kettlebell (8kg)	1	20,99 €	20,99 €
Kettlebell (12kg)	1	37,99 €	37,99 €
Kettlebell (16kg)	1	50,99 €	50,99 €
			990,62 €

Figure 23 - Functional area: price/unit | Source: Own elaboration

Piece of furniture	Units	Price/unit	Total
Sofa	3	250 €	750 €
Table	6	50 €	300 €
Chair	12	25 €	300 €
Vending machine	1	1.450 €	1.450 €
			2.800 €

Figure 24 - Leisure area: price/unit | Source: Own elaboration

APPENDIX VIII

Tipo de trabajo	Precio	Características
Limpieza y desinfección completa de gimnasio	2.000 €	300 m ²
Limpieza de zona de clases colectivas	400 €	2 aulas y 100 m ²
Limpieza de zona de máquinas	400 €	200 m ²
Limpieza de vestuarios y taquillas	300 €	100 m ²
Limpieza de duchas y baños	400 €	10 duchas y 4 baños
Limpieza de zona de spa	500 €	
Limpieza de piscina	600 €	Piscina de 15 x 8 m

Figure 25 - Average price of cleaning services in Barcelona | Source: habitissimo

APPENDIX IX

Tipo de edificio	Precio
Proyecto de construcción de edificio	30.000 €
Construir edificio de 3 plantas	1.600.000 €
Construir edificio de 5 plantas	2.500.000 €
Construir edificio de oficinas 1.500 m ²	1.500.000 €
Construir edificio industrial 1.500 m ²	450.000 €
Proyecto y construcción de edificio 5 plantas	1.400.000 €

Figure 26 - Average price for building facilities | Source: habitissimo

APPENDIX X



Figure 27 – Electricity invoice of a gym in Badalona | Source: Iberdrola

APPENDIX XI

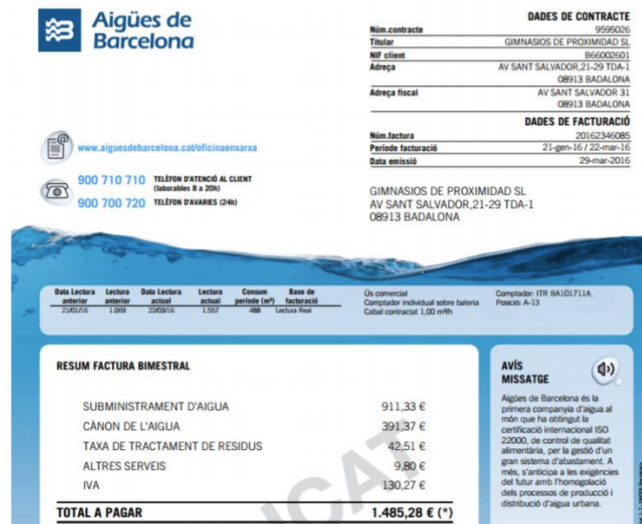


Figure 28 – Water invoice of a gym in Badalona | Source: Aigües de Barcelona

APPENDIX XII

Figure 23 - Calculation of salaries and social security

Promoters	Pays
General manager	14
Project manager	14

Regime	Type	Gross salary	Comune Contingencies	Unemployment for indefinite contract	FOGASA	Formations	SS Cost
Autonomous	Fixed	2.000,00 €	-	-	-	-	-
General	Fixed	1.500,00 €	354,00 €	82,50 €	3,00	10,50 €	450,00 €

Employee	Pays
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Head Coach	14
Coach	14
Coach	14
Coach	14
Coach	14
Coach	14
Receptionist	14
SM & Comp. manager	14

Regime	Type	Gross salary	Comune Contingencies	Unemployment for indefinite contract	FOGASA	Formations	SS Cost
General	Fixed	1.000,00 €	236,00 €	55,00 €	2,00 €	7,00 €	300,00 €
General	Fixed	850,00 €	200,60 €	46,75 €	1,70 €	5,95 €	255,00 €
General	Fixed	850,00 €	200,60 €	46,75 €	1,70 €	5,95 €	255,00 €
General	Fixed	850,00 €	200,60 €	46,75 €	1,70 €	5,95 €	255,00 €
General	Fixed	850,00 €	200,60 €	46,75 €	1,70 €	5,95 €	255,00 €
General	Fixed	850,00 €	200,60 €	46,75 €	1,70 €	5,95 €	255,00 €
General	Fixed	1.000,00 €	236,00 €	55,00 €	2,00 €	7,00 €	300,00 €
General	Fixed	800,00 €	188,80 €	44,00 €	1,60 €	5,60 €	240,00 €

APPENDIX XIII

Includes data used for elaborating the financial statements

YEAR 2	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Nº of members	210	235	250	265	280	295	310	325	335	340	345	350
Monthly fee	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99	€ 69,99
Revenue from memberships	14.698	16.448	17.498	18.547	19.597	20.647	21.697	22.747	23.447	23.797	24.147	24.497
Revenue from the shop	525	525	525	525	525	550	550	550	550	575	575	575
Revenues from the bar	250	270	280	285	290	300	350	350	350	350	350	350
Revenue from consultancy rent	505	505	505	505	505	505	505	505	505	505	505	505
Revenue from trainers service	-	-	4.800	-	-	5.400	-	-	5.880	-	-	6.420
Total revenue	15.978	17.748	23.608	19.862	20.917	27.402	23.102	24.152	30.732	25.227	25.577	32.347

YEAR 3	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Nº of members	350	355	360	365	370	375	377	385	389	394	397	400
Monthly fee	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99	€ 74,99
Revenue from memberships	26.247	26.621	26.996	27.371	27.746	28.121	28.271	28.871	29.171	29.546	29.771	29.996
Revenue from the shop	575	575	575	600	600	600	600	600	600	600	600	600
Revenues from the bar	400	400	400	400	400	450	450	450	450	450	450	450
Revenue from consultancy rent	505	505	505	505	505	505	505	505	505	505	505	505
Revenue from trainers service	-	-	6.420	-	-	6.960	-	-	7.260	-	-	7.500
Total revenue	27.727	28.101	34.896	28.876	29.251	36.636	29.826	30.426	37.986	31.101	31.326	39.051

Figure 24 - Sales forecast for years 2 and 3

All FTEs (6 trainers working)

Employee	Pays	Gross salary	SS Cost	Annual Cost	Quarterly Cost
Head Coach	14	1.000,00 €	300,00 €	18.200,00 €	4.550,00 €
Coach	14	850,00 €	255,00 €	15.470,00 €	3.867,50 €
Coach	14	850,00 €	255,00 €	15.470,00 €	3.867,50 €
Coach	14	850,00 €	255,00 €	15.470,00 €	3.867,50 €
Coach	14	850,00 €	255,00 €	15.470,00 €	3.867,50 €
Coach	14	850,00 €	255,00 €	15.470,00 €	3.867,50 €
Receptionist	14	1.000,00 €	300,00 €	18.200,00 €	4.550,00 €
SM & Comp. manager	14	800,00 €	240,00 €	14.560,00 €	3.640,00 €

32.077,50 €

Fixed FTE	Quarterly Cost	Variable FTE	Quarterly Cost
3 FTE	12.740,00 €	Cost per FTE	3.868 €
(Fixed employees)		(Variable employees)	

Figure 25 - Salary costs for P&L

	YEAR 1				YEAR 2				YEAR 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Water	50	200	350	500	550	670	760	800	850	900	950	1000
Electricity	100	200	400	650	800	900	1000	1200	1200	1250	1250	1300
Internet	415,6	415,6	415,6	415,6	415,6	415,6	415,6	415,6	415,6	415,6	415,6	415,6

Figure 26 - Utilities for P&L