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**MYERS’ FITNESS: A LAUNCHING DILEMMA FOR A BOOT CAMP**

*Jessica Welsh wrote this case under the supervision of Elizabeth M. A. Grasby solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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On February 4, 2016, Logan Myers, a recently retired artilleryman from the Canadian Armed Forces, was planning his next steps as a civilian. Myers had been a fitness enthusiast most of his life, and he wanted to find a way to share his enthusiasm for fitness with others. He wondered about the viability of launching a series of fitness boot camp sessions, called Myers’ Fitness, based on different fitness levels and age groups in London, Ontario, Canada. If he was to go ahead with launching Myers’ Fitness, Myers knew he would have to begin advertising in March for the boot camps to start in May 2016.

Logan Myers

Myers’ interest in fitness and healthy living started in high school, and his passion for it had strengthened over the last 15 years. Myers had no professional experience with personal training, nor was he a certified personal trainer; however, for several years, he had been developing custom workout routines for his friends and family—all of whom had met their desired fitness goals under his guidance.

Upon leaving the Canadian Armed Forces, Myers had enrolled as a full-time student at Western University to further his education. He hoped that the introduction of his boot camps to different fitness levels and age groups from May to September each year would supplement his income then and after he graduated in April 2019. Myers’ goal was not only to continue improving his own physical fitness by offering these boot camps, but also to improve the physical fitness of the participants from the community. While in school, Myers needed to earn a minimum of CA$2,000[[1]](#footnote-1) after all expenses each month.

Myers believed fitness should be enjoyable, exciting, and should not require participants to spend hours inside a gym or on a treadmill week after week. Instead, he preferred exercising outdoors as often as possible, incorporating a variety of different exercises into his daily routines. Some of those exercises included (but were not limited to) sledgehammer training, weighted-sled exercises, and tractor-tire workouts (see Exhibit 1). Myers believed that if he incorporated as many of these exercises as possible into his boot camps, he could differentiate them from other fitness boot camps and classes available in and around London.

Myers was also a strong proponent of incorporating supersets[[2]](#footnote-2) into personal workouts. He had planned initially to offer only one level of boot camp; by adding supersets, clients would be able to complete the various exercises at their own pace at different stations without feeling discouraged by the ability of their peers. With Myers supervising, clients would work through these different stations, completing the different types of exercises, followed by brief periods of rest.

Competitive Analysis

London had over 50 gyms for the city and its surrounding area residents. These gyms offered a wide variety of exercise equipment and types of classes. Prices ranged widely as they depended on the gym’s amenities and the customer’s individual program needs. The average cost for a membership at a mid-range gym was between $40 and $60 a month in 2016 in Canada.[[3]](#footnote-3) Some of the larger and more popular gyms in the London area were Goodlife Fitness, the YMCA, and Movati.

Aside from joining a gym, people in London and the surrounding area had a variety of other fitness opportunities. These activities included recreational sports, running and cycling clubs, yoga, fitness and dance classes, and rock climbing.

POtential Client characteristics

Myers wanted his clients to view his boot camps as a way to make a healthy lifestyle change that would encourage them to feel more confident and comfortable with their fitness level and abilities. Knowing that only 18 per cent of all gym members attended gyms regularly,[[4]](#footnote-4) Myers wanted to help his clients find a way to make exercise part of their lifestyle and not a transient activity.

Myers believed that only those who had been somewhat active during the last six months (i.e., people who exercised at least three times a week for at least 30 minutes at a time) would consider registering for his boot camps. Myers predicted the majority of his clients would already have been active individuals who had become bored with their regular gym routine. These individuals likely considered exercise a vital part of their weekly routine and were looking for different ways to achieve their fitness goals.

The BUSINESS PLAN

The Sessions

Myers had planned to offer three identical boot camp sessions at a time, each to a different audience. The sessions would be held twice a week for one hour and would last for eight weeks. These boot camp sessions would be offered twice each summer—one set of boot camp sessions beginning in May and a second set beginning in July. Myers predicted that the May sessions would not be as popular as the July sessions because summer had not yet officially begun in May and the weather could be somewhat unpredictable. He projected that 12 people would register per session in May each year, and 16 people would register per session in July. Boot camp sessions would cost $200.

Myers hoped for many repeat customers and referrals. To encourage this result, he would offer a 10 per cent discount on July’s boot camp sessions to anyone who had already attended May’s boot camp sessions or who had been referred by a previous participant. He projected that 50 per cent of the people who attended sessions in May would return for a second cycle, and 50 per cent of July’s clients would have been referred by a previous participant. Myers could manage up to 25 clients per session and would close each boot camp’s registration on the day of the first session.

Equipment

While the majority of the boot camp activities would have clients using their own body weight, a number of different pieces of fitness equipment would be required (see Exhibit 2). As a fitness enthusiast, Myers already owned one of each of the pieces of equipment to be used in the boot camp. To start, Myers estimated that he would need six of each different piece of equipment. As well, the weighted sleds would require a variety of weights. Myers had already spent $1,500 on weight plates for use on the six sleds. All of this equipment would be depreciated using the straight-line method over a useful life of 20 years, assuming no residual value.

Certification

Prior to launching Myers’ Fitness, Myers would need to become a certified personal trainer. This certification would be completed through Canadian Fitness Professionals, Inc. (Canfitpro), the largest certifying personal training body in Canada. Myers would need to attend a three-day course before successfully completing a written and physical exam. The course and exams would cost $622. Each year, Myers would need to renew his certification at no additional cost. The tight timeline would require Myers to take the certification course and exams in Toronto, Ontario, since there were no upcoming sessions in London. Cost for meals, travel, and accommodation would total $1,000.

Other

In addition, Myers would also need to be cardiopulmonary resuscitation (CPR) certified. This certification could be completed in London over a two-day session for $135 and would expire in three years’ time. Due to the possibility of a client becoming injured during a boot camp session, Myers would need to carry personal trainer insurance for $175 annually.

Location

Myers had been in contact with the City of London to find a viable location to hold these fitness boot camps, and he deemed a soccer field to be the best option. A basic regulation soccer field could be rented for $25.03 an hour.[[5]](#footnote-5) Myers would also be charged an additional 5 per cent since his business was not an affiliate of the City of London. Since soccer fields were in high demand during the summer months, Myers would need to book these fields by the end of March to ensure his boot camp sessions would meet at the same times and locations each week. The equipment would need to be transported to the soccer fields each week, so Myers planned to purchase a cargo trailer that could be easily attached to his personal pickup truck. The cargo trailer would cost $6,000.[[6]](#footnote-6)

Promotion

Myers was a member of a small local gym, Oxygen Fitness, in London. Oxygen Fitness was owned by Adam Smith. For $25 a month, Smith would allow Myers to put up flyers in three different high-traffic areas of the gym from March to June. Myers’ brother, who had a diploma in graphic design, had agreed to design these flyers free of charge, and they would be printed from Myers’ personal printer. Although he had no additional funds for advertising, Myers planned to call local businesses to see whether they would be willing to post his flyer.

Financing

The initial investment required for the boot camps was substantial. Myers had been extended financing from a local fitness-equipment retail location. The equipment would be paid for in equal monthly installments over the course of one year at an annual interest rate of 8 per cent.[[7]](#footnote-7) All principal and interest payments would be due on the first day of each month. All other investments would be paid by Myers with his personal savings.

PARTNERSHIP OPTION

Smith had expressed an interest in partnering with Myers on his boot camps. Smith owned an empty plot of flat grassland beside the gym that Myers could use at any time of the day for his boot camps (instead of renting soccer fields from the city). As well, Smith told Myers he could store all his equipment on site (in the building that housed Oxygen Fitness). This option would eliminate the need for Myers to purchase a cargo trailer. If Myers partnered with Oxygen Fitness, he would not be charged for advertising within the gym. If this partnership option were pursued, 50 per cent of the registration fees collected would be paid to Oxygen Fitness. Due to the gym’s popularity and affiliation, Myer’s predicted 14 people would register per session in May, and 20 people would register per session in July each year. Myers would still need to become a certified personal trainer and be CPR-certified. He would not need to purchase his own personal trainer insurance policy since he could be added at no additional charge to Oxygen Fitness’s existing insurance policy.

Conclusion

Myers was quite eager to analyze his fitness boot camp options to determine whether they were sufficient to supplement his income as planned. Even with the increase in client enrolment numbers, would partnering meet his goal of earning $2,000 after all expenses per month? Myers wanted to choose the option that would best suit his business goals and be financially stable.

exhibit 1: exercises

Weighted Sled Exercises



|  |  |
| --- | --- |
| Sledgehammer Training | Tractor Tire Exercises |
|  |  |
|  |  |

Source: Company files.

EXHIBIT 2: Required Equipment

|  |  |
| --- | --- |
| Item | Cost |
| Sledgehammer | $ 70 |
| Tractor tires\* | 60 |
| Weighted sled | 360 |
| Pulling rope\*\* | 300 |
| Ultimate sandbags | 100 |
| Medicine balls | 25 |
| Skipping rope | 18 |
| Battle rope | 138 |
| **Total** | $ 1,071 |

Note: \* Used tractor tires would be purchased from a local farm; \*\* Each rope would be 100 feet long and would be used to pull the weighted sled.

Source: Company files.

1. All currency in Canadian dollars unless specified otherwise. [↑](#footnote-ref-1)
2. A superset occurs when a person performs one set of an exercise directly after a set of a different exercise without rest in between. Once each superset is completed, the person rests for one-and-a-half to two minutes to recover. [↑](#footnote-ref-2)
3. London gym memberships were similar to the Canadian average. Mai Nguyen, “Charting the Rise of Discount Gyms in Canada: Aggressive Fitness Clubs with Prices as Low as $10 a Month are Pressuring Mid-range Incumbents,” *Canadian Business*, February 12, 2015, accessed January 19, 2017, www.canadianbusiness.com/innovation/the-rise-of-discount-gyms-in-canada/. [↑](#footnote-ref-3)
4. Rebecca Lake, “23 Gym Membership Statistics that will Astound You,” CreditDonkey, December 29, 2014, accessed January 19, 2017, www.creditdonkey.com/gym-membership-statistics.html. [↑](#footnote-ref-4)
5. City of London memo, December 2, 2015. [↑](#footnote-ref-5)
6. The cargo trailer would be depreciated using the straight-line method assuming a residual value of $1,500 and a useful life of seven years. [↑](#footnote-ref-6)
7. Interest would be calculated on the outstanding balance at the end of each month. [↑](#footnote-ref-7)