



## **Notebook**

### **BSBSMB404**

#### **Undertake small business planning**





## **BSBSMB404A – Undertake small business planning**

### **Business Plan**

Just like laying solid foundations during the construction of a building, the development of a business plan is crucial to ensure the stability and strength of a business once it gets off the ground. To procure financial assistance from a financial institution to establish a business, or to fund the growth of a successful business with the assistance of a cashed up investor, you will need a business plan that defines clearly to them:

- who you are
- what you do
- how you do it
- how you plan to succeed in business

A business plan may include many forms, and includes the following details:

- **introduction**
  - cover letter
  - table of contents
- **personal information**
  - business experience
  - SWOT analysis
  - Points of difference
  - Values
  - Knowledge of industry
- **description of business**
  - vision statement
  - mission statement
  - services offered
  - benefits of services offered
  - purposes of services offered
  - flexibility of services
- **operating procedures**
  - licenses required
  - commencement date
  - hours of operation
  - policy and procedures
- **management and personnel**
  - management experience
  - legal structure
  - organisational chart



- duty statements
- human resources
- staffing arrangements
- wages and benefits
- lawyers
- mentors
  
- **insurance needs**
  - insurance requirements
  - broker
  - policy detail
  
- **marketing and competition**
  - business image
  - target market
  - competitor analysis
  - fee schedule
  - breakdown of costs
  - competitor fee schedule
  - POD's
  
- **advertising, promotion and location**
  - medium
  - network opportunities
  - referral system
  - effectiveness statistics
  - advertising budget
  - location of business
  - geographic details
  - physical resources
  - physical layout
  
- **financial projections**
  - funds
  - start up costs
  - money required
  - income projections
  - growth opportunities
  
- **supporting documentation**
  - tax returns for past 2 years
  - personal financial statements
  - proposed lease
  - licenses
  - legal documents
  - resume



- references
- experience

Business plan samples can be found at:

<http://www.bizplancorner.com/samples.aspx>

[http://www.bplans.com/fitness\\_center\\_and\\_sports\\_business\\_plan\\_templates.php](http://www.bplans.com/fitness_center_and_sports_business_plan_templates.php)

### **Personal Training Financial Planning Budget**

Developing your financial planning budget and budget forecasting is a critical step toward launching your personal training business. If you make a mistake on this step, it can cause huge amounts of pain later.

#### **Section 1: Revenue Projections**

You can access forecasting programs via the internet, on websites such as [www.starting-a – personal-training-business.com](http://www.starting-a-personal-training-business.com)

The first part of the financial planning budget deals with revenue projections. Simply input the days per week that you will train, the number of sessions per day, and the average price for sessions. The spreadsheet will translate those numbers into weekly, monthly and annual income projections.

Modify the numbers until you feel you have the right mix. Remember, be conservative. Of course you can make a lot of money working seven days per week...but will you survive?

An example is given in the following pages, of a financial plan.

<b>Personal Training Cash Flow Forecast</b>			
How many days per week will you train?			5
How many sessions per day?			7
Average Price per session?			65
How many weeks of vacation will you take?			2
<b>Weekly Revenue</b>			<b>\$ 2,275.00</b>
<b>Monthly Revenue</b>			<b>\$ 9,750.00</b>
<b>Annual Revenue</b>			<b>\$ 113,750.00</b>

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## Section 2: Startup Costs

Part 2 of the financial planning budget deals with startup costs or one-time costs. Whenever you start a business there are costs involved with just starting. These costs need to be recouped over time. Fortunately, they usually only happen once.

<u>Expense</u>				<u>Estimate</u>
Certification				\$ 800.00
Licenses, fees and permits				\$ 600.00
Establish business entity				\$ 200.00
Legal				\$ 400.00
Lease Deposits				\$ 2,000.00
Equipment				\$ 5,000.00
Marketing				\$ 1,500.00
Grand Opening				\$ 1,500.00
Utilities				\$ 250.00
Clothing				\$ 400.00
Software				\$ 250.00
Computer, PDA				\$ 800.00
Working Capital				\$ 10,000.00
<b>Total Startup</b>				<b>\$ 23,700.00</b>

The costs included in our spreadsheet are just estimates. You will need to modify them to tailor to your particular situation. For example, you may choose to not have a physical location. You can save a lot of money by training outdoors, in client's homes and at gyms.

## Section 3: Budget Forecasting Expenses

These are your monthly expenses. Be very careful when estimating these monthly numbers because small changes will have a large impact on your annual financial planning budget.



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<u>Expense</u>			<u>Estimate</u>
Payroll			\$ 6,000.00
Utilities			\$ 200.00
Gasoline/Auto			\$ 150.00
Rent			\$ 1,400.00
Equipment Lease payments			\$ 200.00
Gym memberships			\$ 200.00
Internet Access			\$ 50.00
Web Site Development and Hosting			\$ 25.00
Advertising			\$ 300.00
Insurance			\$ 40.00
Accounting/Legal			\$ 80.00
Continued Education			\$ 30.00
Supplies			\$ 20.00
<b>Total Startup</b>			<b>\$ 8,695.00</b>

#### Section 4: Financial Planning Budget and Cash Flow

This section is where all the data comes together to give you the financial planning budget and cash flow projections for 24 months. You can determine when your business will break even by seeing in which month the cash flow becomes positive. But remember, even though it may take along time to recoup your startup investment, you are earning a salary and doing what you love the whole time.

	Start up Costs	Month 1	Month 2	Month 3
<b>Revenue</b>	\$ -	\$ 9,750	\$ 9,750	\$ 9,750
<b>Expenses</b>	\$ 23,700	\$ 8,695	\$ 8,695	\$ 8,695
<b>Profit</b>	\$ (23,700)	\$ 1,055	\$ 1,055	\$ 1,055
<b>Cash Flow</b>	\$ (23,700)	\$ (22,645)	\$ (21,590)	\$ (20,535)

“Always be very conservative when you make budget projections. I usually do two budgets. One that assumes worst case and one that is reasonable but still conservative. And I usually do a best case one too so I have something to motivate



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me.

“ You can override some of the formulas in the cash flow portion to factor in growth of the business. In reality, things will start slow but get much busier once you add more clients. Once I have a full schedule, I raise prices for new clients only which helps raise the average session price. That way I can work the same amount but actually make more money.

### **SWOT ANALYSIS**

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses/Limitations, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective

Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization.

- **Strengths:** characteristics of the business, or project team that give it an advantage over others
- **Weaknesses (or Limitations):** are characteristics that place the team at a disadvantage relative to others
- **Opportunities:** *external* chances to improve performance (e.g. make greater profits) in the environment
- **Threats:** *external* elements in the environment that could cause trouble for the business or project

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Identification of SWOTs is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOTs.

## SWOT ANALYSIS



### Marketing Strategies

The benefits of a planned marketing strategy are numerous. Business owners often rely solely on their intuition to make business decisions. While this informal knowledge is important in the decision making process, it may not provide you with all the facts you need to achieve marketing results. A marketing strategy will help you in defining business goals and develop activities to achieve them.

1. Describe your company's unique selling proposition (USP).
2. Define your target market.



3. Write down the benefits of your products or services.
4. Describe how you will position your products or services.
5. Define your marketing methods. Will you advertise, use Internet marketing, direct marketing, or public relations?

**Tips:**

1. Your Unique Selling Proposition sets you out from the rest, don't try to develop a marketing plan without one.
2. It's important that you have a budget developed for your marketing plan. Marketing is an investment.
3. Revisit your marketing plan at least once every quarter. Are you on target? Do you need to revise it?

### **Production Operations Planning**

Operations planning, also called "operations scheduling" or "operations management," is an important consideration for any business. While rather broad in focus, operations planning can be simply defined as the planning of optimum resource use. Effectiveness in operations scheduling is necessary for a company to be successful, regardless of its industry.

**Focus**

- Operations scheduling focuses on everything from the optimal inventory levels to detailed scheduling (both of machines and people) to meet customer demands of quantity, quality and delivery. The breadth of its focus may seem overwhelming, yet operations scheduling is really nothing more than managing the resources of a company to their optimum potential. This should not be equated with maximum potential. Neither machines nor people can operate at maximum output for very long before quality suffers.

**Capacity Planning**

- Capacity planning involves the estimation of what that maximum output is and a formulation of what the optimal level of production is. This type of focus is on the efficient use of resources and, at its most basic, looks to match production to customer demand without incurring shortage costs or storage costs. Capacity planning, although useful as a framework, is based largely on assumptions of customer demand and delivery, assumptions that may not always be accurate.

**Static Planning**

- Static plans, such as capacity planning, are based on assumptions that the process can be defined in its entirety and demand can be estimated accurately. An example



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of a static plan is a clothing manufacturer. Styles and demand are estimated up to one year in advance; production has already completed a full run before those assumptions of demand are found to be correct or not. Although necessary for certain industries, such as clothing manufacturers, this risk should be acknowledged.

### **Dynamic Planning**

- By contrast, dynamic planning involves the assumption that demand will change, so little is produced until the orders are received. This approach, also called "just-in-time," is extremely effective in environments where a high level of customization is required, such as a bakery or automobile company. Frequently, dynamic planning is used in tandem with static planning. This means that a small amount of product is produced based upon assumptions of customer demand and trends, but the plant is organized to quickly provide specialized products as requested.

### **Production Planning**

- Production planning encompasses the mixture of static and dynamic planning. Although highly related to operations planning, production planning is focused solely on production, not the overall operations. As a result, production planning produces specific plans that focus more on the capabilities of the plant rather than the demand. This mitigation of assumption is effective so long as a "rolling horizon" is used. A rolling horizon means that the production plan is implemented but adjusted periodically as customer demand and delivery fluctuate.

### **Staffing Requirements**

Staffing requirements for small businesses tend to be based around the following:

- Sales forecasts - from this future production levels can be predicted.
- Looking at the amount and type of work to be undertaken.

Predicted staffing levels will ultimately stem from the long-term forecast of the business and the increase in working capacity that this will require. Staffing costs can then be worked out and budgets planned from this. You will need to look at staffing requirements in the short, medium and long-term.

### **Specialist Services**

Specialist services consist of services and people that you may need to assist you with the planning and/or running of your business. These people have special specific skills required to the running of a business.

Specialist services may include:



- Accountants
- Business advisors/consultants
- Business Brokers
- Contractors
- Government agencies
- Industry associations
- Lawyers
- Mentors

### **Distribution Channels**

A path through which goods and services flow in one direction (from vendor to the consumer), and the payments generated by them that flow in the opposite direction (from consumer to the vendor).

A distribution channel can be as short as being direct from the vendor to the consumer or may include several interconnected intermediaries such as wholesalers, distributors, agents, retailers. Each intermediary receives the item at one pricing point and moves it to the next higher pricing point until it reaches the final buyer.

### **Contingency Plan**

Contingency planning is a systematic approach to identifying what can go wrong in a situation. Rather than hoping that everything will turn out OK or that "fate will be on your side", a planner should try to identify contingency events and be prepared with plans, strategies and approaches for avoiding, coping or even exploiting them

Contingencies are relevant events anticipated by a planner, including low-probability events that would have major impacts. Contingency planning is a "What if?" skill important in all types of planning domains, but especially in contested and competitive domains. The objective of contingency planning is not to identify and develop a plan for every possible contingency. That would be impossible and a terrible waste of time. Rather, the objective is to encourage one to think about major contingencies and possible responses. Few situations actually unfold according to the assumptions of a plan. However, people who have given thought to contingencies and possible Responses are more likely to meet major goals and targets successfully. The following questions can help develop contingency plans:

1. What events may occur that require a response?
2. What disasters might happen during execution of the plan?
3. What is the worst case scenario of events for the situation?
4. What scenarios are possible for the situation?
5. What event would cause the greatest disruption of current activities and plans?
6. What happens if costs of the plan are excessive? what happens if delays occur?
7. What if key people leave the organization?
8. What are the expected moves of antagonists and competitors?
9. Who or what might impede implementation of the plan?

### **Fitness Industry Legal Requirements**



As a fitness supplier, you must meet certain legal requirements under the Code of Practice.

### **False claims of membership or endorsement**

You and your employees must not falsely claim that you endorse or are members of organisations or associations, such as Fitness Australia.

### **High-pressure tactics, harassment or unconscionable behaviour**

You cannot use high-pressure tactics, harassment or unconscionable conduct to get a potential client to sign a membership agreement.

You must also take reasonable steps to ensure employees do not use such behaviour.

Harassment can include:

- using threatening or intimidating language or behaviour towards a client (or asking someone else to do this)
- making a client unwillingly feel they must obey a supplier's request or demand.

Unconscionable conduct can include:

- taking unfair advantage of a superior bargaining position with a client
- forcing a client to comply with unnecessary or unreasonable conditions
- taking unfair advantage of a client's lack of understanding if they obviously do not understand some documents
- using undue influence or pressure, or unfair tactics, against a client.

### **False or misleading communications**

You must not use false and misleading communications, including advertising. For example, you cannot offer a client a free reward or gift if the cost of the associated service increases or the service quality is affected as a result.

All promotional material must:

- be truthful, accurate and unambiguous
- not encourage unrealistic expectations about the service (e.g. lose 20 kilos in three weeks).

You must not make deliberately misleading or false comparisons with other fitness services or suppliers. You need to ensure that your employees do not use these tactics.



## **Disclosure and confidentiality**

### **No secrets or surprises**

You must provide clients with enough information about a fitness service to make an informed decision about the service.

### **The Code of Practice**

You must make the Code of Practice available for all clients to view and, if asked, tell them where they can get their own copy. Code of practice can be found at <http://www.fitness.org.au/page.php?id=31>

### **Information disclosure**

Before entering into a membership agreement with a new client, you need to:

- give the client a copy of the membership agreement, the fitness centre rules and other information to help them make an informed decision about the agreement
- allow the client to inspect the fitness centre.

You must make the fitness centre rules available to clients at all times. If you change or introduce a rule, prominently display the revised rules at the fitness centre for two months.

### **Confidentiality**

You must not use or disclose any confidential client information that you obtain while supplying fitness services. This does not apply to information that the client agrees in writing that you can use or disclose, or information that you can use or disclose by law.

You must take reasonable steps to ensure your employees do not use or disclose confidential client information that they obtain.

Note: Under the Code of Practice, the term 'client' includes both current and former clients and the term 'supplier' includes both current and former suppliers.

### **Client complaints**

If a client complains about a service, you must make every reasonable effort to resolve the problem quickly and fairly. You must make a complaint handling procedure available to clients. This procedure must be simple and easy to use.

It must also comply with Australian Standard AS ISO 10002-2006 - Customer satisfaction - Guidelines for complaints handling in organisations. If you wish to buy the standard, contact Standards Australia.

### **Insurance**



- A supplier must maintain adequate public liability and professional indemnity insurance;
- A supplier must ensure that all agents and contractors that are providing fitness advice and/or services to clients within the organisation maintain adequate public liability and professional indemnity insurance.

### **Professionalism**

- A supplier shall ensure that all relevant employees, agents and contractors are aware of and understand the Code;
- A supplier shall ensure that any employee, contractor or agent who provides a fitness service to clients is a suitably qualified exercise professional and registered with an approved registration body;
- A supplier shall ensure that Registered Exercise Professionals are compliant with the Code of Professional Ethics [Appendix 1] and any other applicable industry standards and guidelines;
- A supplier shall ensure that the professional workforce operates within the boundaries of designated roles and responsibilities, level of registration and scope of practice;
- A person who is gaining experience to become a Registered Exercise Professional shall be supervised by a person who is qualified to provide the service at an appropriate level. Clients must be advised when a trainee is providing fitness services.

### **Occupational Health & Safety Guide for Fitness Businesses**

All employers have a legal “duty of care” to ensure the health and safety of their staff. This duty of care also requires the employer to ensure that people (other than employees) are not exposed to health and safety risks arising from the operation of the business. Occupational Health & Safety (OHS) legislation within all states specifies obligations for all businesses, regardless of the number of people employed or the nature of the business. Under OHS law, if you can ‘affect’ the health and safety of people in the workplace, you have a legal responsibility to implement appropriate precautions. Specifically, these responsibilities include:

- Maintaining the place of work and working environment under your control in a safe condition.
- Ensuring the safe use, handling, storage and transport of equipment & substances.
- Providing and maintaining “systems of work” (eg. policies and procedures) to ensure workplace safety.
- Providing the information, instruction, training and supervision necessary to ensure the health and safety of employees.
- Providing adequate facilities for the welfare of employees.
- Ensuring that risk management procedures are implemented to identify, assess, control and monitor workplace hazards.
- Ensuring that appropriate employee consultation arrangements are in place and implemented.
- Ensuring that injuries are reported within prescribed timeframes and that a system exists to facilitate the return to work for injured employees.



Although OHS legislation focuses on staff safety, it also requires employers to ensure the safety of any visitors to the workplace. Furthermore, many of the measures required to protect employees will also apply to clients. Consequently, by implementing an effective OHS program you can minimise the risk of injury to both staff and clients and reduce the likelihood of related fines and public liability claims. Significant sanctions exist for a breach of regulatory terms. For example, the maximum penalty for offences under the OHS Act in NSW is \$1,650,000 for corporations and \$165,000 or 5 years imprisonment for individuals. Please note that state authorities (eg. WorkCover or WorkSafe) have the right to enter your premises to conduct an inspection if they believe that there have been potential breaches of the Act or Regulation

Please visit Fitness Australia's OHS guidelines and risk management strategies for further information [http://www.fitness.org.au/visageimages/oh\\_s\\_guide\\_lr.pdf](http://www.fitness.org.au/visageimages/oh_s_guide_lr.pdf)