

→ MAY 2010

CLUB BUSINESS INTERNATIONAL

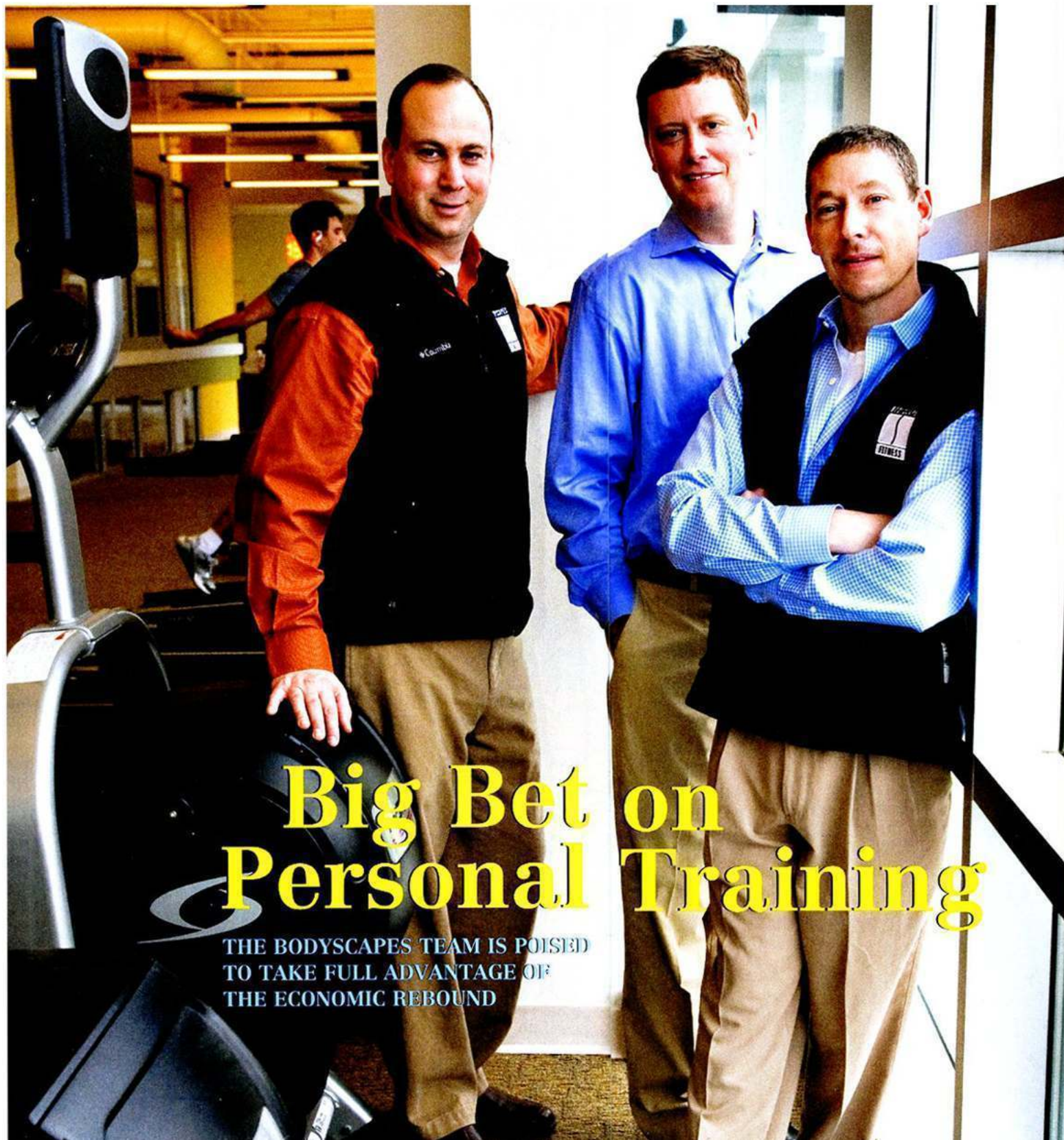
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Big Bet on Personal Training

THE BODYSCAPES TEAM IS POISED
TO TAKE FULL ADVANTAGE OF
THE ECONOMIC REBOUND



BodyScapes Fitness strategists, from l., Robert Shapiro, Alan Smith, David Fine

30

Cover & Above: Arny Raab Photography

Features

30 Big Bet on Personal Training

Boston-based BodyScapes has evolved from a small personal-training studio into a growing, thriving business that now has locations in Maine, New York, and Texas. Since 1997, founder Rob Shapiro has been following through on his vision to make personal training more *personal*. As the industry prepares for an economic rebound, BodyScapes is laying the groundwork for continued success.

26 Leisure Sports' Fab Four

The chain's management team contemplates achievements, challenges, and never-ending improvements

38 Pro Shops Roundtable

Five experts share secrets to success during an economic downturn

45 Get Active America!

It's that time again—time for clubs to show the rest of America what they're missing!

48 Extra Firepower

In trying times, clubs are well-advised to retain outside legal and financial hired guns

The Little Studio's Grand Plan

By Patricia Amend

BodyScapes Fitness, in the Coolidge Corner neighborhood of Brookline, Massachusetts, just a half-dozen subway stops on the Green Line from downtown Boston, is an inviting and comfortable place to work out.

Located on the second floor of a newly constructed building, the site of a former garage, the upscale furnishings of the 12,500-square-foot club utilize a color palette that suggests both energy and harmony—a muted, but rich, gold; deep grey; mocha brown; and a soft, but solid, green. Floor-to-ceiling windows fill the large fitness floor—which is well-stocked with gleaming equipment—with natural light.

There's a group-fitness room, space for childcare, and a separate Pilates studio run by an outside vendor, whose full classes offer an excellent opportunity for cross-selling.

However, what's strikingly different, here, from other clubs is a separate studio with frosted glass where personal trainers provide instruction in complete privacy, without distractions. In a sense, the studio signifies the objective of the business as the founder, Rob Shapiro, imagined it when he started the company in 1997—personal training that is, in fact, *personal*.

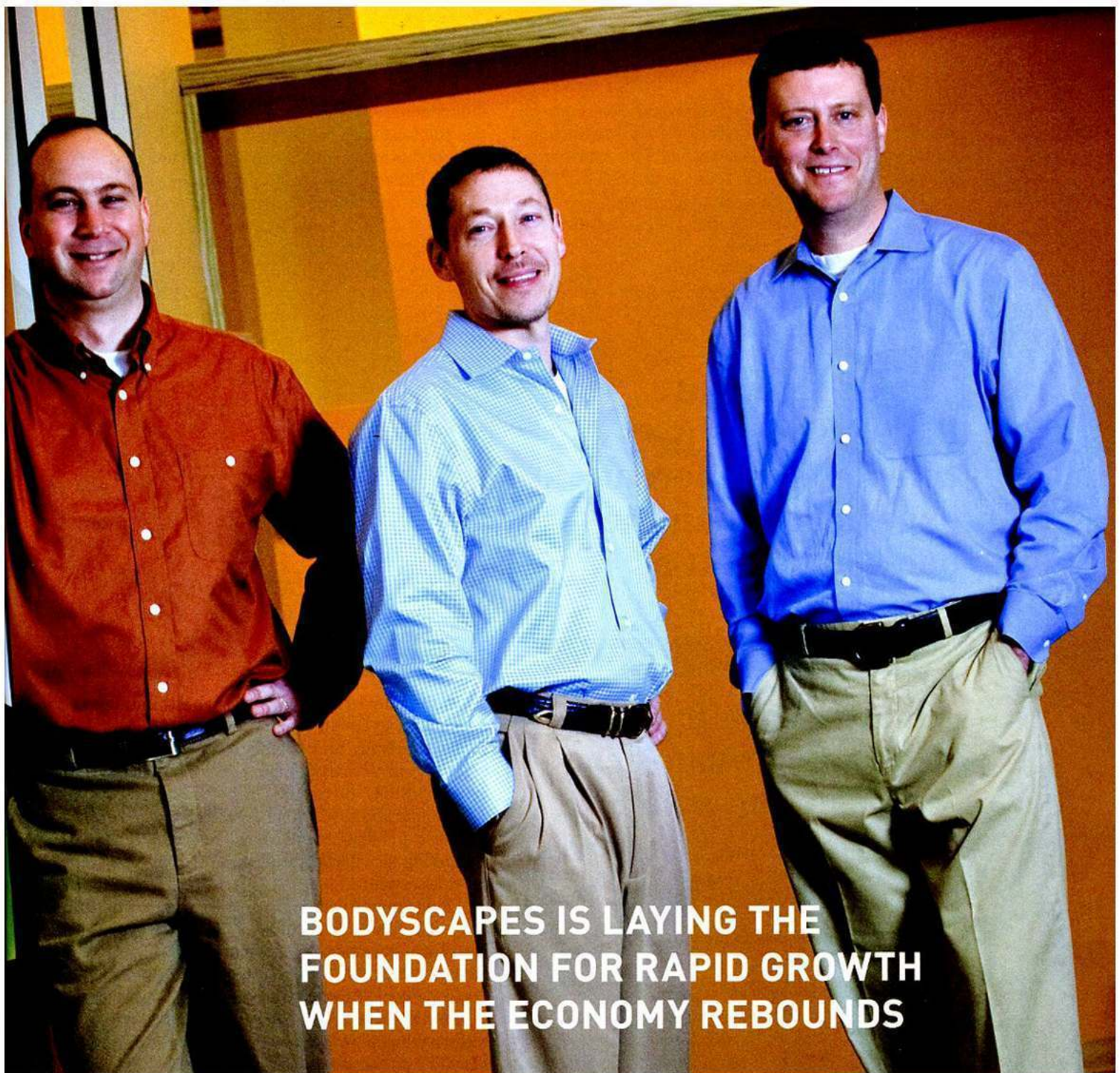
The unique business model that's resulted represents a one-of-a-kind coming together of clubs and studios. →

Amy Raab Photography

BodyScapers, from l.,
Alan Smith, David Fine,
Robert Shapiro

PRO FORMA: BODYSCAPES

- Corporate locations: two One2One BodyScapes studios; two BodyScapes Fitness clubs in the Boston area
- Franchises open: 10 in Massachusetts; one each in Maine, New York, and Texas
- Size and cost: One2One BodyScapes studios are 1,500-1,800 square feet and require \$135,000 to \$195,000 to open; BodyScapes Fitness Centers are 6,500-14,000 square feet and require \$400,000 to \$650,000 to open
- Total revenues (corporate and franchise) 2008: \$2.8 million
- Total revenues (corporate and franchise) 2009: \$3.4 million
- Projected total revenues 2010: \$4.1 million



The Little Studio's Grand Plan

"Having worked in a club, I was convinced that there was an untapped market for a high level of service delivered in a clean, supportive environment that had some quiet space—things that most facilities don't offer," says Shapiro.

Apparently, Shapiro has found *his* niche.

Says client Laura Fine: "Working out at BodyScapes is a completely different experience than the one you have at a regular gym. All of the trainers are very friendly, motivating, and professional. BodyScapes is personalized, not

"Working out at BodyScapes is a completely different experience than the one you have at a regular gym."

Amy Raab Photography



COO Smith checks on check-in

intimidating, and you can have any size or shape of body and still feel totally comfortable."

As of this month, there will be three full-service BodyScapes Fitness clubs open in Massachusetts, with dues ranging from \$65 to \$95 per month, and memberships capped at 1,500 people to avoid crowding. There are also 12 smaller, highly successful One2One BodyScapes studios in Massachusetts, Maine, New York, and Texas, where clients pay as much as \$50 to \$100 per session.

Shapiro began franchising his concept in 2007, and, by the end of February, 12 One2One BodyScapes studio franchises had been sold in those four states, but, he acknowledges, growth has stalled. Many of those franchises have yet to open due to a lack of financing. So, for now, until more money becomes available, Shapiro and his partners, Alan Smith and David Fine, are laying the foundation for the future. They're devising creative ways to put deals together and fine-tuning their franchising infrastructure.

When the economy begins to recover, they intend to be ready.

AN ENTREPRENEUR'S EDUCATION

Like many successful club entrepreneurs, Shapiro put in his time working in the industry, soaking up the experience, while, at the same time, reflecting on better ways to do things.

"In the mid-1990s, I was a teacher, thinking about pursuing a graduate degree in human movement at Boston University, and, to make some extra money, working as a general manager and personal trainer at a large gym in Boston," he reflects. "Other trainers would often come to me and say, 'I wish I could train people without the noise and distractions.' I also noticed that they were competing for clients, rather than working together to provide service.

"I found myself wanting to create a studio with personable, well-educated trainers who provided great service in a much more relaxed and comfortable environment," he says. "In 1997, I opened the first 1,500-square-foot One2One BodyScapes studio in Newton, Massachusetts."

When that first studio began to thrive, Shapiro considered opening more locations, but quickly realized that he needed help on the operations and financial side. In 2001, he brought in Smith, a childhood friend with retail and finance experience, as COO, and, by 2004, they had four studios operating successfully. Shapiro and Smith also opened their first BodyScapes Fitness center, in Southborough, Massachusetts, a 6,500-square-foot, full-service club.

"At our studios, there are no membership fees; clients pay for personal training sessions in packages of six, 12, 22, 54, 104, and 200, or in other customized amounts," Smith explains. "We track each package and notify the client before it runs out. When it comes to scheduling, some people schedule regular appointments months in



Strategy session: from l., Shapiro, Smith, Fine

advance to reserve their slot, while others sign up week-to-week. We do whatever works for the client."

"We also encourage our studio clients and club members to work with more than one trainer to keep the workout fresh; also, that way, the client can stay on schedule when a trainer goes on vacation," points out Shapiro. "We don't want people to stop working out; it can be very hard to get them back, if they do."

INVESTORS AND FRANCHISEES

So far, BodyScapes' "hybrid" business model of small studios and larger fitness centers has proven a good way to satisfy two distinct types of consumers.

It seemed so promising, in fact, that it prompted Fine—a lawyer, founder of Stonecraft Capital Management, a private-equity firm, and a BodyScapes client since 1997—to inquire about investing in the company. He subsequently became a partner in the Brookline facility, which opened in 2008, and in the franchise company.

"I invested in the Brookline gym because of the compelling location and my confidence in Rob and Alan to successfully manage the operation," says Fine. "I also felt that my business and legal experience would provide this young company with a valuable strategic perspective. Part of my focus has been to preserve the personal, member-focused culture, which distinguishes BodyScapes from so many other gyms. I've also helped institute systems and infrastructure that allow for expansion."

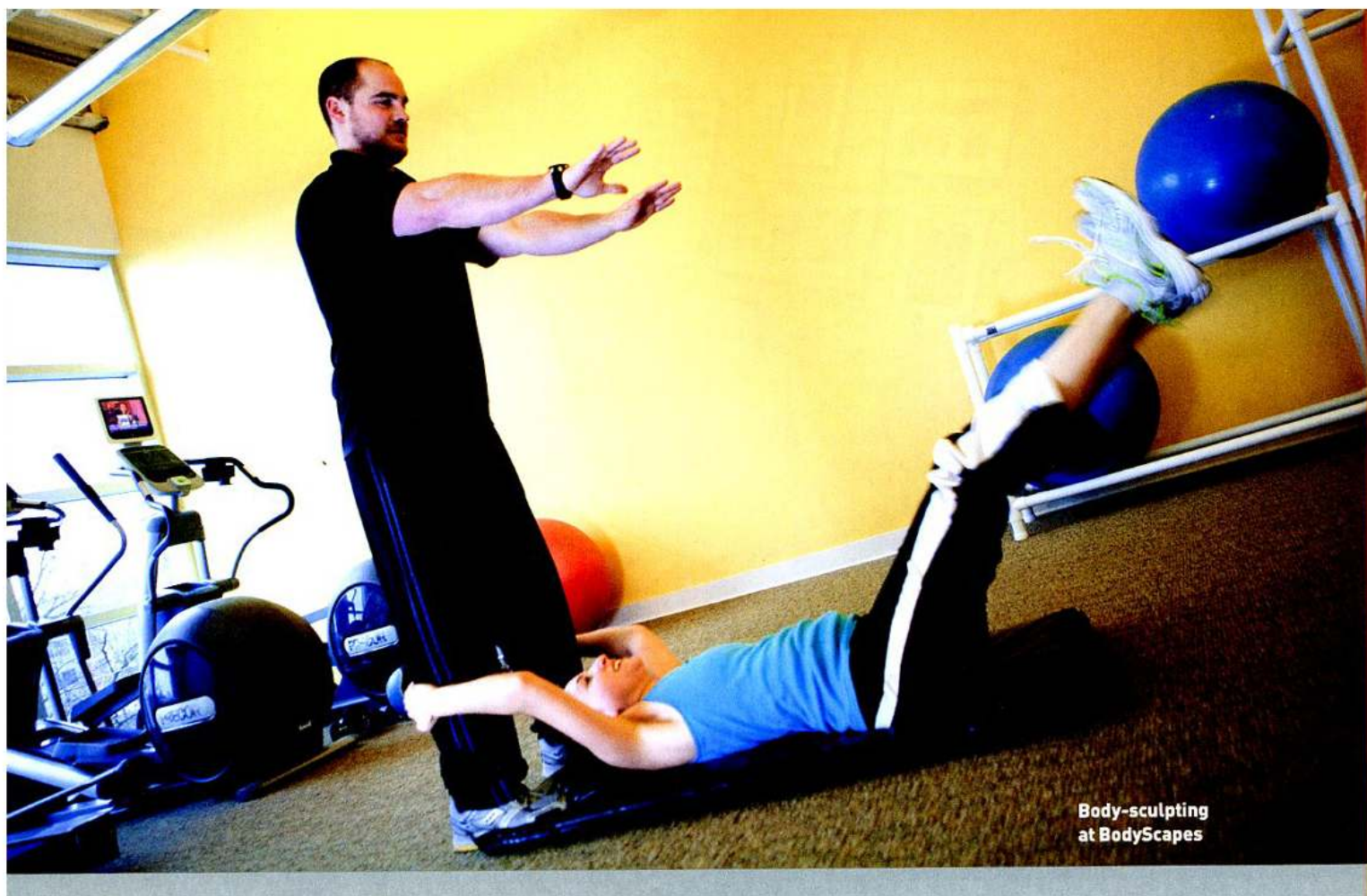
"Franchisees who are passionate about fitness and own and operate their own fitness facilities are best."

To expedite growth, Shapiro and Smith decided, in 2006, to develop a franchise system for their concept. "Franchisees who are passionate about fitness and own and operate their own fitness facilities are best," observes Smith. "They do a better job of providing personal service than we possibly can from our corporate office."

Consider, for example, Bob and Susan Dandaraw, both engineers with a strong interest in health and fitness. They opened a 1,850-square-foot One2One BodyScapes studio in Westford, Massachusetts, in 2008, after spending a year preparing the site, while maintaining their full-time jobs. They financed their location with a combination of savings and bank loans, backed by assets.

The Dandaraws have also purchased the territory for nearby Concord, and for Essex County, north of Boston.

Amy Reab Photography



Body-sculpting
at BodyScapes

Amy Raab Photography

“Once financing becomes available again, we plan to be positioned to grow quickly.”

Now, as area developers, they’ll help other franchisees open studios, as well as develop another for themselves.

“We could tell immediately that Rob and Alan were genuinely interested in our fit as owners,” says Bob, who has an MBA. “They won’t sell to just anyone, even if it means growing more slowly. BodyScapes is all about quality. We were amazed, when we spoke to clients, that many had been coming to BodyScapes for eight, nine, or 10 years. They buy 100 session-packages because they love the service.”

CREATIVE CAPITALIZATION

Not surprisingly, in this economy, Shapiro, Smith, and Fine have had to do some serious brainstorming to make the franchise deals work. While a studio can cost as

much as \$195,000 to open, the investment for a fitness center may be as high as \$650,000.

As Shapiro points out, the home-equity lines of credit that people had employed in the past to open franchises are no longer available, and many don’t have the assets to back up a bank loan.

“We have a pipeline of people who are waiting for loans to come through or are talking to potential partners,” notes Shapiro. “We expect to open three franchises this year and to sell just three more.”

The newest BodyScapes Fitness, a 9,000-square-foot facility, and the first franchised fitness club, opens this month in Hingham, Massachusetts. In this case, Shapiro and Smith assumed some of the financial risk up front: after leasing the space, they found two investors to buy the franchise rights and offered them an experienced staff member to run the club.

Shapiro concludes: “We’d rather do this than sell franchises at random. We want our new locations to be successful. For now, we’re also diverting some of our advertising dollars to develop better franchisee training manuals, marketing materials, and a beefed-up Website. Once financing becomes available again, we plan to be positioned to grow quickly.” —

— Patricia Amend; Pamend@aol.com