

External assessment 2024

Stimulus book

Business

General instruction

- Work in this book will not be marked.

Case study 1 (Stimulus 1–11)

Stimulus 1

Gym Business webpage



- Open 24/7
- Friendly, experienced staff
- Family owned and operated
- Established in 2017

Gym Business is a small, family-owned and operated suburban fitness centre offering personal training and small group sessions.

Open 24 hours a day, 7 days a week

NO JOINING FEE

Contracts are available for 3, 6 and 12 months; something to suit everyone!

FULLY QUALIFIED STAFF

Harper is our co-owner and fitness expert. Harper has a particular interest in providing quality exercise programs for people of all ages.

Hudson is our co-owner and senior personal trainer. Hudson manages personal training plans and is passionate about fitness and wellbeing.

OUR MISSION

To enhance the quality of life of our local community.

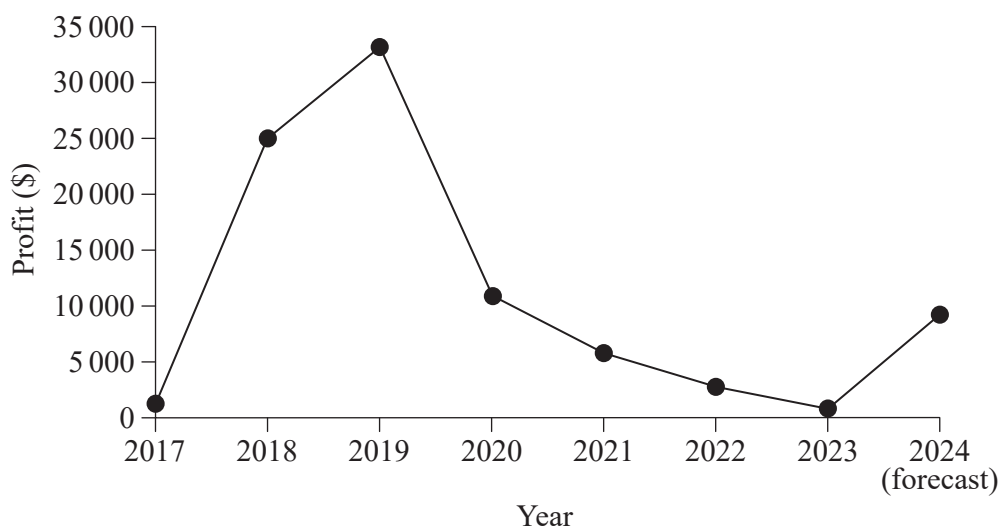


Stimulus 2

Gym Business timeline

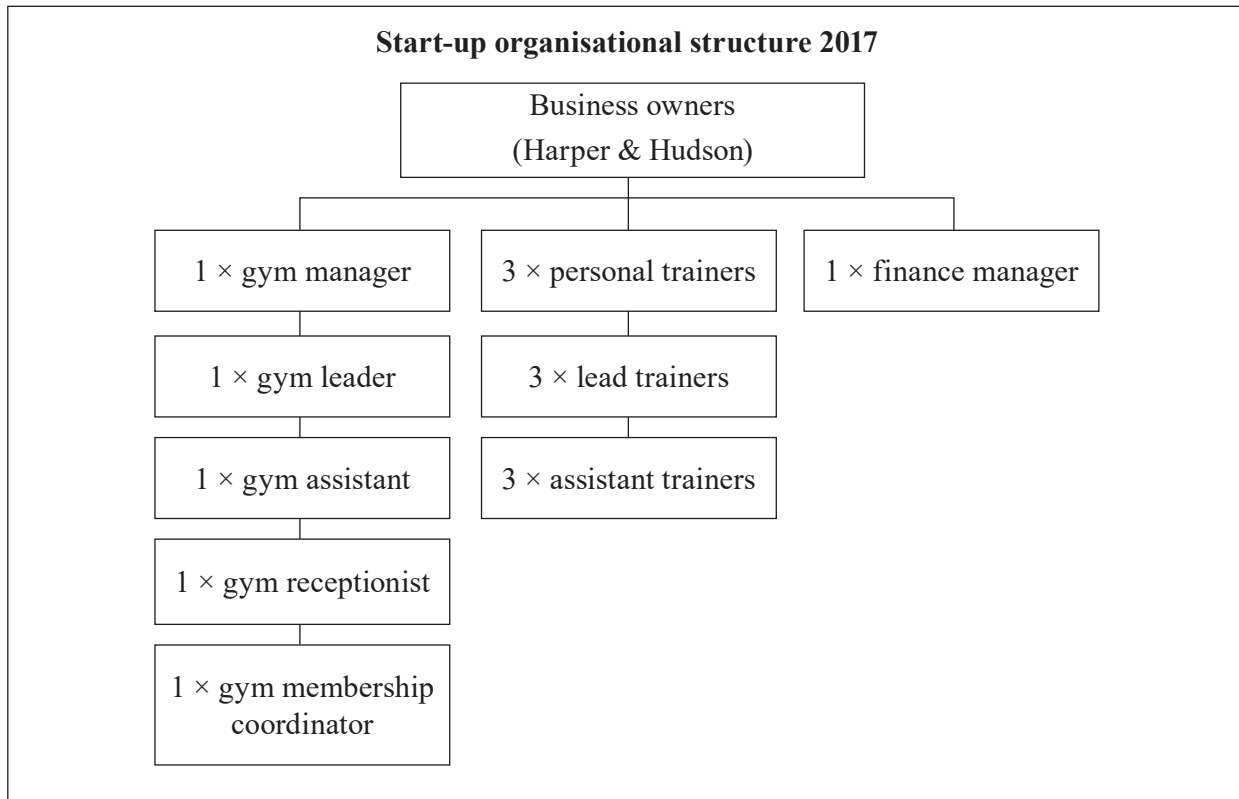
2017	<ul style="list-style-type: none">• Gym Business officially opened by owners Harper and Hudson• Advertising campaign launched 'Foundation members' deal (100 foundation memberships guaranteed fixed at the introductory price for life)
2018	<ul style="list-style-type: none">• Rapid revenue and membership growth• Renovations to improve fittings and fixtures in fitness centre
2019	<ul style="list-style-type: none">• Steady revenue and membership growth
2020	<ul style="list-style-type: none">• Forced business closure from April to July due to pandemic• Contracts suspended; some members cancel• Profits decline and membership numbers drop
2021	<ul style="list-style-type: none">• Traditional marketing campaign launched (flyers in letterbox)• Profits decline further and membership numbers continue to drop
2023	<ul style="list-style-type: none">• Profits decline further and membership numbers continue to drop• Owners seek financial stimulus injection
2024	<ul style="list-style-type: none">• Submission of proposed new strategic plan by new partner, Anton

Gym Business profit results 2017–2024



Stimulus 3

Organisational structure for Gym Business



Stimulus 4

Online customer reviews for Gym Business

Reviews

★★★

February 2023

No wait for equipment

I've been coming to this gym for a couple of years. I like that the owners take some of the classes and there is a personal feel to the gym as they know you by name. Some of the younger members have stopped coming, so it has been a bit quieter lately, but that means you can get on the exercise equipment without a wait.

★

November 2022

Lacks a vibe

This place has no vibe. It used to be a happening place, but lately there doesn't seem to be many people around and it's not enjoyable anymore. A few classes have been cancelled at the last minute due to lack of numbers. I'm headed to the gym nearby where the vibe is pumping and there aren't any lock-in contracts.

★

May 2022

Limited options

I've been a member of this gym for almost five years, but not much has changed in that time. The owners are enthusiastic and very visible on the gym floor, but they seem to be struggling with how to manage a gym. Repeated requests for a wider range of classes and services have been ignored and the gym just does not meet my needs. They also need to keep up with changes in technology. Sadly, I will be leaving this gym and checking out other fitness centres.

★★★★★

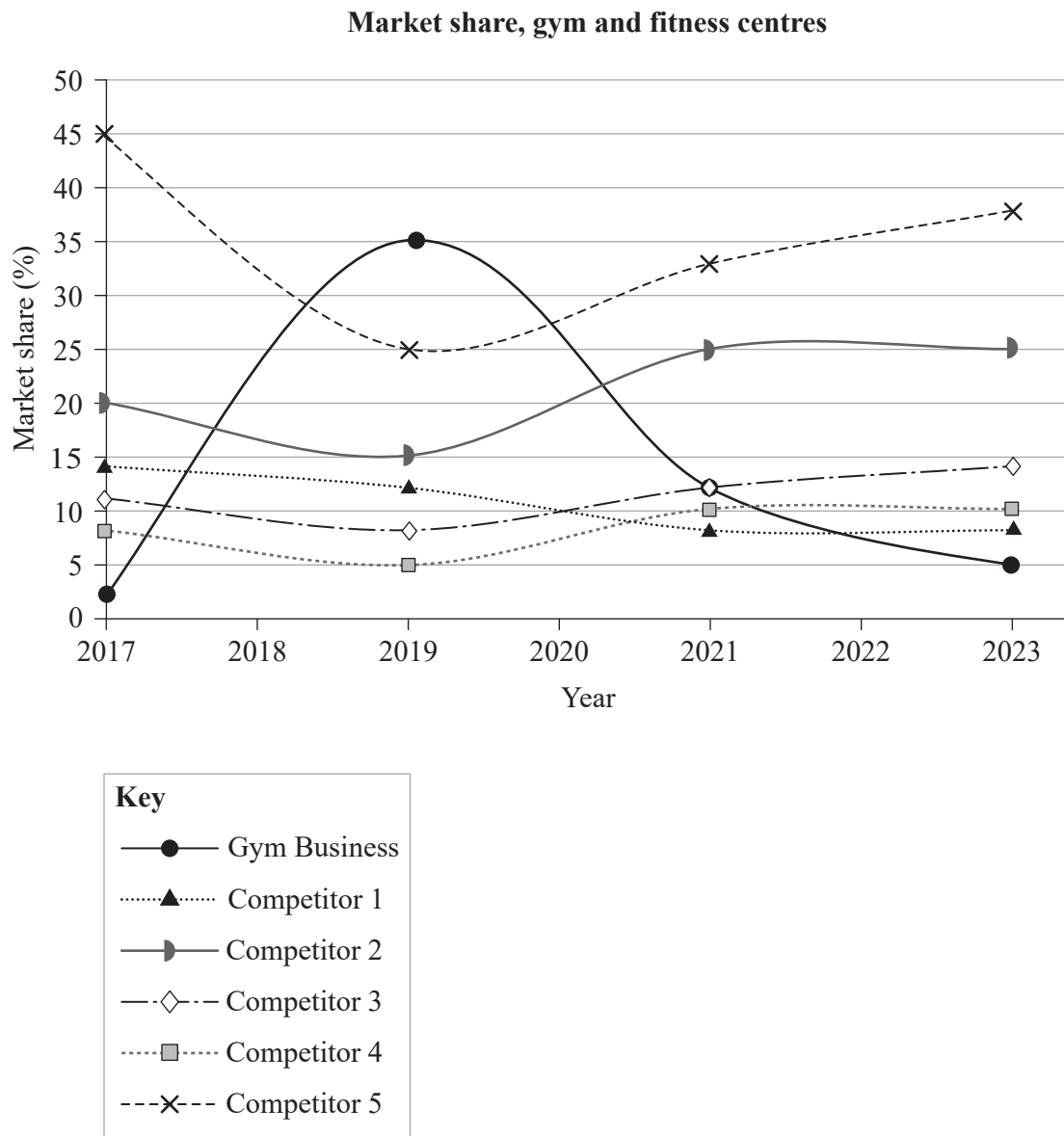
March 2022

Great gym, great owners

As a foundation member, this is a great gym with really positive owners who are passionate about fitness and helping clients on their fitness journey. The owners lead by example with their own fitness, very keen and committed. I strongly recommend giving this gym a go.

Stimulus 5

Market share of gym and fitness centres in the local area of Gym Business



Stimulus 6

Gym Business meeting agenda and minutes with new business partner, Anton

Planning meeting agenda

Date: 2 January 2024, 9:00 am

Invitees: Harper, Hudson, Anton, external financial advisor

Topic	Presenter
1. Strategic plan 2024–26 for new ownership	Anton
2. Staffing restructure	Anton
3. Financial position and budget forecasts	Hudson
4. Members' engagement strategy	Harper

Planning meeting minutes

Date: 2 January 2024

Attendees: Harper, Hudson, Anton, external financial advisor

1. Strategic plan 2024–26 for new ownership (Anton)

The 2024–26 strategic plan was presented and proposed a transformation of the business through the addition of services. Anton proposed an investment of \$900 000 in exchange for a 50% ownership share. This would change the ownership portions to Anton 50%, Harper 25% and Hudson 25%. The \$900 000 will fund the changes to the business proposed in the strategic plan.

Outcome: All parties agreed to this proposal and a new structure will be created and registered by the external financial advisor.

2. Staffing restructure (Anton)

A new staffing and organisational structure will need to be adopted to operationalise the new strategic plan. This could include the redeployment of current permanent staff or recruitment of new staff.

Outcome: A new organisational structure was agreed, and restructuring should commence immediately.

3. Financial position and budget forecasts (Hudson)

No budget documents were prepared other than bank statements for 2023, and no financial forecast was provided, except for a cost–benefit summary developed by a business consultant for the implementation of the new strategic plan. As such, a budget forecast could not be developed.

Outcome: This item was carried over to the next meeting.

4. Members' engagement strategy (Harper)

Harper presented a new marketing strategy to increase the business's digital presence and market share. The strategy requires the engagement of a marketing agency. Harper suggested a local company or one based in Melbourne that could deliver the project.

Outcome: The new marketing strategy was agreed, along with the decision to engage a local marketing agency.

Date of next meeting: 1 February 2024

Stimulus 7

Gym Business strategic plan (excerpt)

Gym Business — Strategic plan (excerpt) 2024–26

Purpose

Committed to delivering the highest quality services, empowering members for a life of wellness.

Objectives



Market growth



Financial viability



People development



Diversification

Initiatives

- attract new members and retain existing members
- increase online presence

- change ownership structure from partnership to private company to protect each owner's personal liability
- reduce operating costs
- develop outsourcing agreements
- develop financial plan for new investment funds

- recruit specialist staff to provide additional services
- train and develop staff

- expand services to include dietitian, physiotherapy, retail (clothing and equipment)

Key performance indicators

- growth in new members, increased retention of existing members
- increased online engagement

- increased cash flow and profits

- specialist staff to provide additional services are recruited
- organisational structure changed to include additional managers

- engagement targets for new services are met

Stimulus 8

Financial snapshot of Gym Business

Bank statement

Investment account (excerpt)

Investment period: 5-year investment

Expiry date: January 2026

Fixed interest: 4.5%

Account summary: January 2023

Details	Balance
Opening balance	\$27 300.63
Add interest earned	\$1 228.53
Closing balance on 31 January 2023	\$28 529.16

Important: Penalty fee of \$1 500 applies for withdrawal of investment prior to expiry date.

Bank statement

Daily transaction account (excerpt)

Account number: 0000324

Account summary: September to December 2023

Details	Withdrawals	Deposits	Balance
Opening balance			\$7 201.67
Transactions during period	32 371.49	29 476.90	\$4 307.08
Closing balance on 31 December 2023			\$4 307.08

Cost–benefit summary for implementation of strategic plan 2024–26

Additional costs	Value (\$)
Fees for private company registration	15 000
Proposed new owner and managers' wages	342 000
Recruitment, orientation and training	2 470
Refurbishment and establishment of new services	500 000
New marketing strategy	75 000
Total additional costs	934 470
Benefits	Value (\$)
Extra sales from new markets	719 550
Improved customer retention sales	379 150
Total benefits	1 098 700

*Note from financial advisor:
Payback period
= 0.85 years
(10.2 months)*

Stimulus 9

Email from a business consultant to Gym Business owners



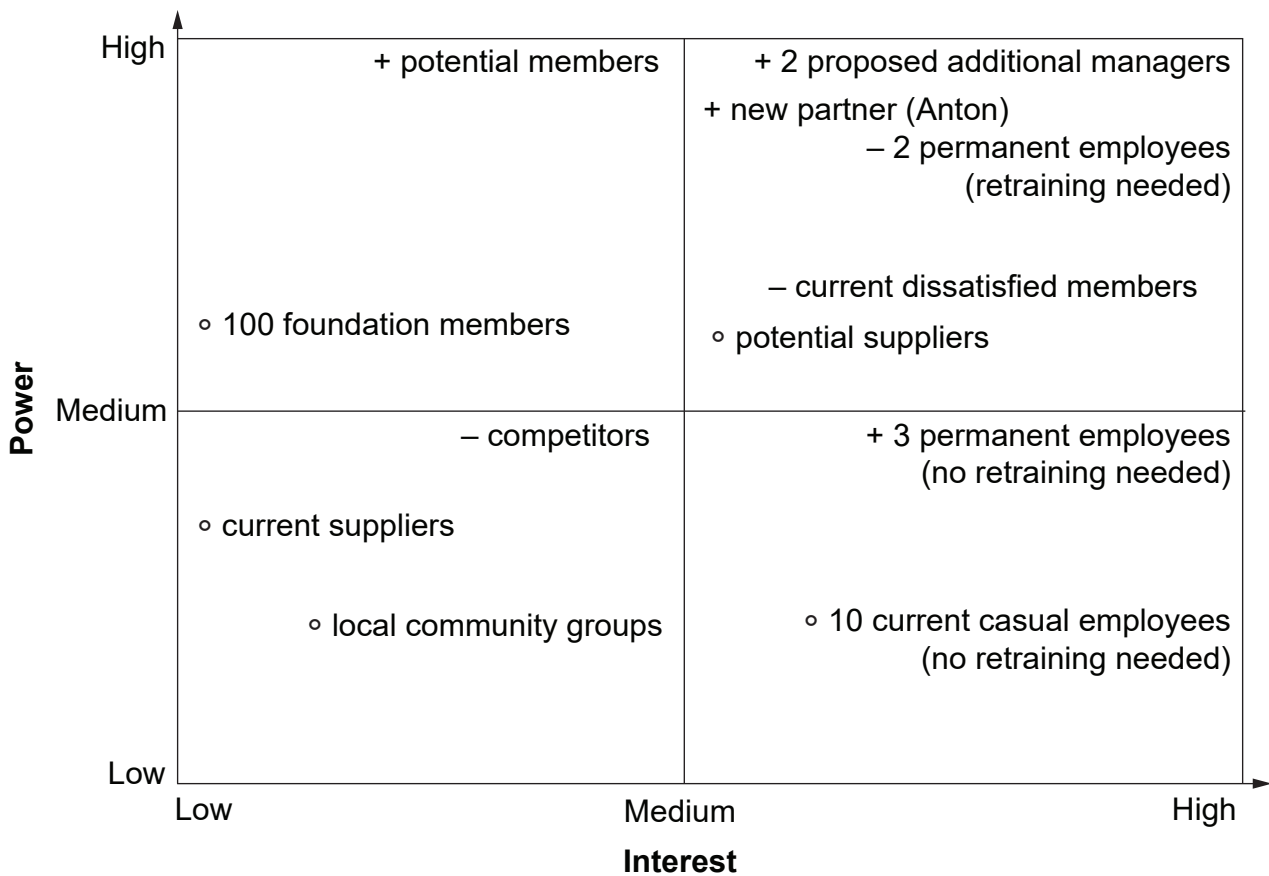
To: Gym Business

Subject: Stakeholder interest

As requested, please find below the recent findings from the stakeholder power interest analysis conducted in anticipation of the restructure.

Regards

Business consultant



Key

+ Positive – Negative ◦ Neutral

Stimulus 10

Gym and fitness industry snapshot

Gym and fitness industry snapshot, Queensland, 2023

Market size

**\$1.5
billion**

Number of
businesses

6 893

Industry
employment

17 325

Gym and fitness industry insights, Queensland, 2019–23



Increases

Home gym equipment	236%
Health and wellbeing programs	147%
Virtual fitness programs	95%
Yoga and pilates classes	78%
Wearable fitness technology	22%
Mindfulness training	18%



Decreases

Weight training	46%
Obstacle-based races	34%
Outdoor bootcamps	31%
Circuit training programs	20%
Workplace fitness classes	17%
Traditional gyms	15%

Stimulus 11

Gym and fitness blogs

Fitness blog 1

March 2023

As the 'work from home' trend decreases, will the 'exercise at home' trend also decline?

A key fitness trend during the global pandemic was for people to 'sweat at home'. Sales in fitness equipment for home gyms surged as fitness centres faced lockdowns and people were reluctant to venture out. Many regular gym members now have gym set-ups at home and have embraced digital fitness communities, with fitness app downloads increasing almost 50% over the past two years.

Fitness blog 2

January 2024

'No pain, no gain' belief over!

2024 will see a massive rethink in fitness philosophy. The old mindset that 'pain is good' and 'sweating means working hard' is gone and our bodies will thank us. Also gone is the individualistic pursuit of fitness, replaced with a greater focus on health and wellbeing. Our gym members are telling us that they want a more holistic approach, with 60% interested in pilates, 50% seeking meditation programs, 40% wanting nutritional support, 20% asking for recovery services and a massive 70% wanting self-care services. Traditional gyms will need to evolve to keep up.

THIS PAGE IS INTENTIONALLY BLANK

THIS PAGE IS INTENTIONALLY BLANK

THIS PAGE IS INTENTIONALLY BLANK

References

Stimulus 1 and 11

Mieke, S 2019, *Three person lifting barbels*, https://unsplash.com/photos/three-person-lifting-barbels-Lx_GDv7VA9M. Used under the terms of the Unsplash licence.



© State of Queensland (QCAA) 2024

Licence: <https://creativecommons.org/licenses/by/4.0> | Copyright notice: www.qcaa.qld.edu.au/copyright — lists the full terms and conditions, which specify certain exceptions to the licence. Third-party materials referenced above are excluded from this licence. | Attribution: © State of Queensland (QCAA) 2024