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Key Strategic Concept Plan:

Pawsitively Fit starts a new generation of fitness gyms, while revolutionizing the idea of “Man’s Best Friend.” We live in a society surrounded by extreme obesity leading to depression and loneliness. At *Pawsitively Fit*, citizens of the Portland Metro Area are able to bring their best canine companion to our facility to begin a life changing journey into the world of staying in shape and living longer wondrous lives. Often time’s dogs are limited to physical activity (i.e. walks, or playing fetch) because of the climate or direct laziness of their owners. Our facility offers your basic weight and cardio equipment, but adds on features for the canine friend. Today’s society spends an excessive amount of money on a gym membership plus a monthly fee for Doggy Day care gyms, and the results are often unsatisfactory. *Pawsitively Fit* brings both costs into one, with beyond satisfactory results. Our services and cost will not be the only factors contributing to our customer’s decisions to join our new community. Dog owners are often uncertain whether their expenditure is valued correctly at its monies worth. What better way of confirming your investment in your pet, by viewing it directly as both owner and canine exercise as a unit. With no direct competitors in the area, *Pawsitively Fit* will attract citizens of various populations because of our unique business ideal. We are a one of kind establishment dedicated to serve our community. For the first time, the blind population will have a place to stay healthy, and be welcomed with their permanent companion. Our facility will not only bring care and fitness to dogs and owners, but also keep Portland healthy and away from obesity.

Executive Summary:

Currently humans and canines endure fitness activities in different facilities at different times, while having two different costs. By bringing a facility that allows canines and humans to work out under one roof will create a new market, of which *Pawsitively Fit* will maintain 100% of the market share. Each board member will invest \$25,000 for a total of \$150,000 of owner investment. Since we are a gym facility equipment costs, plus utilities and other costs required to maintain a gym are high. Therefore, we will be pulling out loans worth a total of \$800,000 dollars. By the end of our first year, *Pawsitively Fit* will begin with 100 members bringing in a total of 45,000 in monthly fees. We hope to increase our monthly fees by 25% each quarter. By doing so, we will have started to earn profit by the 1st quarter of the 2nd year. As our firm grows in population and revenue, we hope to pay off our debt and invest money into the future of the gym. Each board member has received an extensive education at Portland State University’s School of Business, allowing us to successfully direct a business on a path of enlightenment. Our knowledge and creativity has allowed us to create *Pawsitively Fit*, and through marketing, advertisement, the high quality services, and the one of a kind facility, the firm will not need persuasion in words, because it will all be seen. As we grow, it is expected that new firms join the market share, where we will maintain our competitive advantage through our high quality services and facility, and also by maintain the focus on our mission; to keep Portland healthy and away from obesity.

Critical Events & Milestones Graphic (See Appendix A)

Organizational Issues:

Name: *Pawsitively Fit* is the name for our revolutionized fitness center. It demonstrates the mission of our business which is for the population of the Portland Metro area to stay healthy, but be able to do pursue the journey with their canine companion. In comparison to traditional fitness gym names such as *LA Fitness* and *Bally Total Fitness*, which just convey the message of staying in shape, *Pawsitively fit* demonstrates the same mission as theirs plus all of our unique features. Not only is it catchy, but it sets a friendly atmosphere for our facility which welcomes both canines and owners. According to the Oregon Secretary of State's Corporate division, the name is available (Oregon Secretary of State Corporate Division).

Organizational Form: *Pawsitively Fit* will be formed as a limited partnership. This allows for all 6 of the founders to direct the firm, while having a liability protection. The main reason in choosing a limited proprietorship is funding. In a sole proprietorship, there's only one director whose name is used on all the debt on the company. Since not one, but 6, participated in the creation of the company we should all have a share on the firms future. Each participant will be able to invest their willing amount of money towards the firm, and the rest will be pulled in loans. Taxes will be low in choosing a proprietorship, because we won't have to face corporate tax, instead an individual tax will be held for each director. Unfortunately, problems may arise from having 6 directors when it comes to decision making, and profits will have to be shared among all partners. The downfall should be replaced through time with the expansion and growing of the firm.

Our Mission: Provide people and their dogs with a safe place for health and wellness in the Portland Area. We want you and your canine companion to get healthy and grow in a stronger relationship together.

General Objective: Our objective is to help owners and their canines get in shape, to live longer and happier lives together. We provide a safe and dry place to work out with your dog. Overweight and obesity in humans is high in Oregon reaching about 34% of the population, but as well, about 45% of dogs in Oregon are also considered obese and overweight. This is due to the owner overfeeding and not enough exercise. Rain is another factor in Oregon but our indoor facility makes it so you have no excuse not to come. Our facility is offered in the metropolitan area so that you and your dog can feel safe and secure. Our service encourages not only you to be healthy, but your dog as well. This is the only place in Portland where you can feel safe, dry, and motivated to enhance health and wellness, growing a stronger relationship between owner and dog.

First Year Objective: Our company's first year objectives after gaining financial support is to find a location in the Portland Metropolitan Area, that is easily reachable to the community. The location must be large enough to contain a running track, gym, courts, offices, training rooms, and expansion options. After location is purchased, renovating the building to fit needs of human and canine are important. The interior and exterior appeal must serve as welcoming for people to come. Specific Equipment for human and canine must be purchased such as toys,

weights and cardio equipment, an obstacle course for dogs, and various amenities. While renovating the location, advertising to the community and working with other businesses to get our name out there is essential for the success of the company. A Website will be built for people to access information. Our company must encourage people and their dog to come. Hiring trained employees to run the company must also be enacted. These employees must have proper training and must have a desire to help others. This process is expected to take around six months. Once established the grand opening will commence. After opening our company needs to focus on growing in memberships and improving any problems that may be occurring. Paying off debts and lowering expenses will continue.

Second-Third Year Objective: The second and third years will consist of growth. Our company's goal is to gain more members and begin expanding services. Our company's growth will make us able to continue paying debts and start gaining profit. Profit will be put into marketing, expanding services, research for improvement, more employees including dog trainers, and various other expenses. With a website we want customer feedback to improve our service. We also will start getting more involved in the community and plan community events (ex: Race with Dogs) to promote health and wellness as well as dog and owner companionship. We will also work with adoption organizations to get dogs out of pounds and into loving families.

Fourth Year Objective: As revenue increases and expenses decrease our company plans to expand services. Expansion will include addition of a pool, more courts, improved equipment, a day care facility, gift shop, child day care, obedience class for dog, and other features. This expansion may include relocating to a larger location or adding a location to serve more people. Research is also needed to determine the most beneficial way to get in shape with your dog. This includes creating new ways to be interactive with your canine and improved equipment.

Future Objectives: Continued growth and improvement of current facilities. Researching for improved methods for dogs and owners to get fit. Expanding options will include locations outside of Oregon. Start in northwest major cities and continue expanding across nation. We also want to target diverse communities and people. This will include people with disabilities or other needs. We want to offer a service that will benefit everyone with the common love of health and of dogs. We plan to continue annual events and classes promoting health and canine companionship.

Management Team: The management team will comprise several positions coordinating *Pawsitively Fit* and bring ultimate customer satisfaction. Each member's responsibility will greatly influence the future of the fitness center.

Directors: The team members will be the directors of the gym, because we are the owners and we would like to lead the gym with our ideas and gain the highest level of business experience. Our responsibility is to guide the company with adequate decision making that will set a bright future. Each director is expected to have earned a Bachelor's Degree with either a major or minor in business, this will allow for appropriate knowledge to be brought to the table at times of reunions.

Manager: for the performance of subordinate employees; manages their schedules, and acts as the liaison between the employees and the directors (us). Moreover, the income would be around \$30,000 annually. Their main responsibilities are held on the floor of the gym, they are responsible for decision making in terms of the present day's events. Two managers will be hired to take on the responsibilities on the gym floor.

Receptionist: two receptionists help the customers; offer assistance and direction and check access cards at the entrance. They are the first thing our customers will see upon entering the facility. Therefore they need to have a great and upbeat personalities that will make customers want to return and refer their friends as well. The earnings will depend on the skills and the experience they have. So, it could be around \$31,000 a year. Receptionist must have an educational background with a completion of some (or 4 yrs) of college.

Personal Trainers: two qualified and experienced trainers guide the customers by helping them to reach their specific goals in physical health. This assistance will only pertain to human customers. Trainers must have adequate certification and backgrounds in health and fitness. They must also have experience as personal trainers, so that their services may be used at a maximum.

External Accounting: We will retain external accounting services for cost savings. They must have experience and educational background in accounting. Their leadership in finances will help assist the directors when profits are wished to be reinvested in growth. They must keep adequate data of present and past money flow. We will require their services at the end of every year.

Custodians: in charge of cleanliness of the facility. Since we are a facility that allows 4 legged friends to come in, maintaining a clean facility is going to help attract more customers in the future. There aren't any specific past experiences or backgrounds in this position, besides acceptance of the types of cleaning they will be doing

Total employees with directors: 15.

Business Management Plan:

Organizational Structure & Plan: Each investor will be a part of the board of directors for the gym, we are planning to be responsible and focus on the management of the gym and to do our best to accomplish our goals and profit from it at the same time. While being a part of the board of directors, each will handle a different aspect of the company as well. The manager will be the liaison between the board of directors (us), the employees and the customer. We are planning to have two receptionists to help the customer faster and more efficiently, they will help the customer get directions and check ID's at the entrance. Two Gym trainers will be hired and we require that each of them have adequate training and education.. As we are trying to reduce the expenses we plan to have an external accountant. Since we want the gym to be a clean place we will have two cleaners in different shifts. Managers, and receptionist will also serve as sales representatives, since they will be on the floor for most of the day, they will be the "go to" person, when a customer is interested in joining a membership. **(See Appendix B)**

Corporate Governance Policies & Assurances: *Pawsitively Fit* will be organized as a limited Partnership between the six members of the business team. Each partner will be given a section of the company to manage. For example there will be two managers, in charge of the organization of the company and memberships. These managers do not have total power of the business. Two partners will be a Financial Accountant and an Analysis, and two other members will be in marketing and advertising. For major issues, all partners will meet together to resolve that major issue. Each member, however, will be a part of the main board of directors, where all the main problems will be debated and resolved. **(See Appendix B)** To insure that our employees have the same values and love for the canine species, we will have an intensive interview process with a dog interview as well.

Key Advisers & Supportive Services: Our business will hire an legal expert from an outside firm that will represent all legal issues associated with starting our business as well as representing membership rights for the company. Any legal issue associated between members and the company will be reviewed by this legal expert whom will represent the company in any court cases. An auditor will also be hired on an annual basis to make sure our companies financial books are accurate. This will prevent any falsehood or corruption in the business by any partner.

Pawsitively Fit will also work with several other services in the Portland Area that provide similar services. Our business will develop connections with a local vet to provide medical care to any injured animal. Local dog supply stores and dog day care providers will also be advertised through our business. The business will work towards offering members discounts to other dog services in the area. The goal of our business is to unify the dog community of business to offer dog owners knowledge and access to services and discounts. Future plans of our business is to work with the Humane Society in providing dog adoption services to end pet-lessness. Through working with local organizations and businesses, our business plans to gain marketing advantage, and provide our members with knowledge in how to provide your dog with anything they need.

Organizational Responsibility: *Pawsitively Fit* will benefit the community by creating a healthy gathering space. Also, we will help improve the relationship between pets and their owners. Since we are a part of the canine community, we wish to partner with local vets and pet organizations to give pets a voice while encouraging adoption, healthy nutrition, and animal abuse awareness among the community. By involving *Pawsitively Fit* in charitable events our firm will create a greater impact than health and fitness. The gym itself will satisfy the health needs of the dogs and their owners. Customers will also receive education on dog care and treatment. Our facility allows for their best companion to be welcomed, and we will have specific activities where both can participate in. Our “donation” to the community will be more serviced based rather than money based. Actions are worth more than a single dollar donation.

Production, Manufacturing or Operations: The acquisition of a new facility and workout equipment will be very expensive. For this reason our business will require leasing an existing building and renovating it to suit our needs. The building size would have to be anywhere between 25,000 to 30,000 square feet to fit all necessary equipment, along with the locker rooms and a comfortable lounge/reception area to welcome new members. The ideal location for our business is near an upper middle class residential area.

As mentioned, the venue will require renovations to meet our needs. We will need men's and women's locker rooms complete with showers for our clients and bathtubs for their canine companions. Classrooms will need to be constructed separate from the main gym for the obedience classes we will be offering. A doggy-daycare center and playground will be created where clients will be able to drop off their pet while they use the weight room facilities. Space will also need to be allocated for the reception room and lounge near the main entrance. The facilities equipment will have to be bought new. This will include treadmills for both clients and canines, stationary bikes for clients and side by treadmills for their canine companion, weight room equipment, lockers for the locker rooms, and couches, chairs and TVs for the lounge.

All equipment purchased will be top of the line, or very near. We want this gym to be state of the art, while we realize that will be very expensive, we are willing to compromise quality to a very short extent. This facility is going to be aimed at upper and middle class citizens with disposable income, we do not want our facility to be second rate.

Market Feasibility & Viability:

Product Identification: *Pawsitively Fit* starts a new generation of fitness centers that provide services for customers and their canine companion. The typical cardio and weight equipment lies on our floors, but our spacious facility allows for the creation of fields specifically for dogs. Weather is eliminated as an excuse for lack of activity, because everything is indoors. As the customer walks in they have the option of working out on their own, with their canine companion, or having their dog gain physical activity with other dogs while they get in their work out. They may choose any of these 3 options, and we are sure to provide exquisite service. *Pawsitively Fit* will always personalize work outs for our clients. Our doggy rec rooms will allow for specialized individual or group sessions that are specifically geared for the canine companion, owner or both.

We are currently in the process of finding a location and expect our capital to have an initial value of \$300,000. Depending on the space of the location this value will either increase or decrease. If we have a lot space, we will be able to establish more amenities than with less space. Therefore we hope to discover a location with adequate space, and in a location in Portland where many citizens pass by. The more people that discover our location the more members we are to have.

Market Identification and Segmentation Analysis: Our market is directed towards three groups in our community; one, the active Oregonians who love to be physically active and want to stay warm and dry during our rainy season. Two, the overweight and obese population; 130 million adults in the United States are overweight, and nearly one-third, or 61 million are obese and need to become physically active to support a healthy lifestyle (Why the Fitness Industry?). Three, active and less active people alike who love their dogs and care about the well being and

physical shape of their canines. The community will be drawn to this new service because it is unlike any other, you can be physically active with your dog in an elite, state of the art athletic club.

Looking at the market segmentation it is in a subcategory all on its own, there is nothing like it! It is a part of the athletic club grouping (versus the gym and fitness centers) with high quality customer service, amenities and equipment. Potential customers will be people who want a unique and fun athletic environment, not only for themselves, but for their canines as well. *Pawsitively Fit* gives a unique experience, as you're running on the track you can also be throwing the ball for your precious loved one. *Pawsitively Fit* will market and advertise the business months before the opening and start taking early memberships before the club opens, this will give our first members an exclusive package, which includes having the gym for them one week before it is opened to the rest of our clients. Contracts will include 30 day notice of leaving as well as a clause about *Pawsitively Fit* not being liable for any injuries for dogs or humans.

The market size of the fitness club industry has continued to grow even in the economic downfall. While the economy is going down the athletic industry continues you grow. The public health industry is trying to prevent and cure obesity. With that, gyms have gained customers and the growth will continue over the next five years (Gym, Health & Fitness Clubs). This is due to a health conscious community becoming and/or staying active as well as the aging community trying to stay fit. 42.7 million adults have gym memberships in the United States, an increase of one million members since the year 2000. It is a \$17.6 billion industry and there are over 23,500 clubs and centers in the US (The Guide to... Gym Members). *Pawsitively Fit* clearly has many advantages and stands out amongst other fitness centers, the risks of being exploited for having such a narrow market (dog lovers) are; (1) people who are allergic to canines, (2) people who dislike the dog community, (3) having high start up costs and fees, we are marketing to a specific income level, (4) our newness, we have to have enough of a competitive edge to have the community break away from their loyalty to other fitness centers.

Portland is a city full of dog lovers, filled with dog parks, coffee shops and dog groups for social play dates, there is an ever growing market for the love of dogs and to keep our canines healthy. With the populations weight getting bigger and bigger there needs to be a big push for health, and new motivation has come with working out with your dog! *Pawsitively Fit* is ready to get the sedentary¹ community, 40% of all Americans do no physical activity, off the couch and onto our equipment! Not only are we ready for the adults in Oregon to become physically fit, 15% of children are overweight, with our family friendly services we plan on getting the whole family motivated to get healthy!

Differentiation Strategy: *Pawsitively Fit* differentiates from other fitness centers because we allow our furry, canine companions to join! Human and best friend side by side are encouraged to maintain a healthy lifestyle. *Pawsitively Fit* is a great place where people can get in a work out and walk their dog at the same time, or individually have a great atmosphere to work on some fitness. It is the only facility in Portland, Oregon and is the best place to go in order to escape from the rain. The facility offers a weight room, cardio machines, several studios for yoga, and personal trainers for some one-on-one time and once expanded we will have an indoor pool for lap swimming. There will be "cleaning stations" around the weight and cardio rooms to spray and wipe down equipment after use. All cleaning supplies will be "green" and

¹ tending to sit about without taking much exercise

harmless to humans, dogs and the environment. “Cleaning Stations” will also be established for the canine companion, which will have poop bags a mop to disinfect the area. *Pawsitively Fit* will conquer all doubts of “You can never teach an old dog new tricks” and justify the intelligence and capabilities that all dogs have. The facility will have studio-like rooms where owners can drop off their furry friends for their share of physical activity. Inside of the gym, there will be a field to let your dog run free, play fetch and socialize with other dogs. The floor is an innovative feature that soaks up any messes from the dogs. With all of these features and services *Pawsitively Fit* is still cheaper than a gym membership plus doggy daycare or obedience schools. Our main goal in our business is 100% customer service and to make the gym as enjoyable as possible for all individual members. Since our establishment is starting out small, time is in our advantage. Once we have equipment and promote our facility, we can sign and serve members in no time. A time estimation is about 6 months, after finding a location. We have very limited competitors because our gym is the only gym in the Metro area that combines dog activity with human activity at a great monthly fee! Our membership includes general gym access to all our facilities for a monthly fee of \$150. A \$200 initiation fee is applicable for the month-to-month customers. A 30day warning is required when cancelling your membership. If the contract is broken, and a member needs to cancel membership, a fee of \$75 will be charged. Once fitness center expands we hope to offer special holiday fees during November-February and special student fees. *Pawsitively Fit* will become of high prestige, not because of cost, but because of all the innovating features offered.

Distribution/Promotion Strategy: *Pawsitively Fit* will be marketed throughout the Portland Metro Area through ads in *The Oregonian*, postcards mailed to residential homes, flyers posted around the community and especially thorough our main website. Due to our originality, competitors are limited. There aren’t any fitness centers in Portland that allow both dogs and their owners to attend. This can be viewed as a part of our competitive advantage, or not as well. Since we are “one of a kind” we aren’t sure if our business will attract the population as we predict. Therefore we must demonstrate why *Pawsitively Fit* is better quality than the typical fitness gym. A main advantage our facility has over competitors is the fact that we allow dogs in the gym. This increases our competitive advantage in our promotion strategy because we can deliver flyers to pet stores and veterinaries to help spread the word along with residential homes. Some pet involved business could even sponsor our business or invest in the good cause of *Pawsitively Fit*.

All marketing methods can be achieved in a short amount of time by using websites or making copies of flyers and posting them around the community. Marketing products will have logo and services listed on it, in the future we can have pictures of real attendants (dogs and humans) using our gym. Our grand opening will be a huge part of our promotion. We will provide tours of the gym, healthy snacks and doggie treats and offer discounts on memberships for the first 50 members to join that day. This will hopefully raise Portlanders interest in our facility.

Marketing Implementation Plan:

Sales Tactics: Our marketing strategy is to market directly to our members. Our first quarter budget is \$5,000 and our group will market and advertise for our own business. With this initial budget, *Pawsitively Fit* will use direct-mail to send out 3,000 advertising post-cards, create a website, distribute 1,000 flyers throughout the metro area, place an ad in *The Oregonian* in a weekday edition and a Sunday edition and hand-out business cards. An add will be recorded and played on Z100, The Buzz, KUPL and The Game radio stations. These radio stations are some of the most popular station in Portland. They also cover a broad range of listeners, because of the different genres the stations provide. Once *Pawsitively Fit* is more established, we can expand our budget for advertising. With a larger budget we can hire a sales representative and expand our resources. *Pawsitively Fit* will be featured on Groupon for a limited time, the deal is 50% off a membership. This will occur during the first year opened, in the third quarter.

Service Policies: According to SOHO America, to increase memberships and sales we must follow these *7 Easy Ways to Increase Sales-Fast*:

1. Target Niche Markets-Market specific areas that need our service the most and customize advertisement to receive the biggest prospects.
2. Promote our own USP- Promote our “Unique Selling Proposition” to attract the maximum number of customers when we offer our benefits over competitors. By having innovative features and by including dogs in a work-out environment, *Pawsitively Fit* is already diversifying itself from fitness competitors and doggy daycares.
3. Never advertise Without an Offer-We can offer free information or tours in our advertisement to generate website traffic and personal experiences in our *Pawsitively Fit* atmosphere. As the business becomes positive, advertising offers could include discounts to memberships, such as a Groupon.
4. Collect Contact information and use it to Follow Up-Many people will not buy the first time around. But if they come take a tour of the facility, we can collect their contact information, in order to reach them again. We can follow up with prospects with periodic reminders or offers. This will attract more business, without costing money.
5. Remove the Obstacle of Risk- *Pawsitively Fit* will stick to all policies promised and vow to create and maintain a safe environment. We need to do this to be able to remove any risk or hesitation for any prospected members. *Pawsitively Fit* will guarantee satisfaction. People make note of our trusting company, if we sell memberships and keep members.
6. Diversify-It is easier and less expensive to get more business from satisfied customers than to find new customers. *Pawsitively Fit* will need to update machines and equipment, improve customer service whenever possible and continually develop new services to keep members.
7. Never Stop Testing: *Pawsitively Fit* will continually test and evaluate the effectiveness of everything we use or do to promote our business. A highly effective 80/20 guideline you can use. Invest 80 percent of your advertising budget and effort in proven promotions and 20 percent in testing new variations. Most businesses using this system continue growing, even in a highly competitive market. Our company will be able to test new variations as the budget increases, throughout the quarters.

Warranty Policy: No warranties. Although we do value our clients' opinions, we do not give money back. Therefore we do not have a warranty, if they are unsatisfied with our service our clients must give a 30 day written notice in which we can then stop their membership and payments. This also includes any classes the canines participate in.

Dog Policies: (*Play Room Rules*)

1. Temperament Evaluation: All new dogs must pass an onsite temperament evaluation prior to scheduling day care. Since all dogs are off-leash in the play rooms, aggressive or toy possessive dogs are not accepted. Temperament evaluations are conducted by appointment only.
2. Current Vaccinations: All dogs must be current on the following vaccinations:
 - DHLPP
 - Rabies
 - Bordetella (every 6 months)
3. Flea/Tick Control: Your dog must be on a veterinarian-approved form of topical flea control. Acceptable products are:
 - Frontline, TopSpot or Frontline Plus
 - Advantage
 - Revolution
4. Spayed/Neutered: All dogs must be spayed or neutered.
5. All dogs must be at least 6 months of age to attend *Pawsitively Fit*.

Ongoing Market Evaluation: Pawsitively Fit will obtain a Marketing Research Program to evaluate our target market. Our target market is ages 18 and up and dog owners. This program will research the fitness market, the dog daycare market and membership rates. The research will compare the rates and services of Pawsitively Fit to competitors. With research we can find demographics of our Portland region and see the amount of our target market within the population. Research will be done to inform our business with strategic information, such as preferences, economic conditions, and social and cultural changes. We can use this information to our advantage by changing rates and membership fees if the economic conditions are poor. Pawsitively Fit will provide comment cards for current members to evaluate the facility, the equipment the trainers and the obedience classes. This feedback will inform us on the members preferences, expectations and concerns. With this information Pawsitively Fit can change, update and fix certain aspects of the facility. Meetings will be held monthly for all employees. These meetings will consist of employees giving information and updates of their area of the facility. The employees will give feedback on member behaviors they observe or any new ideas to improve work spaces or equipment. By having monthly meetings, Pawsitively Fit will stay aware and modern. With our research program we will be able to apply the needs and preference changes to the majority of our members. Using this information will allow us to budget for updated, innovative features, add more aspects to the facility and be able to give proper maintenance.

International Element:

Pawsitively Fit is a service and therefore does not have a great part in relation to international expanding. The future goal is to expand our facilities among the Northwest and the United States, but nothing around the world. An international aspect of the firm would include targeting the various ethnic populations of Portland, including Hispanic, Romanians, Russians, and others as well. The key to targeting these populations groups would be having employees that speak these languages as well as translating our marketing materials into their preferred language.

Financial Plan:

Capital Budgeting: (See Appendix C) *Pawsitively Fit* will have an initial owner investment of 150,000 from its 6 board members, who are also the owners, along with a \$800,000 from a bank to cover the costs necessary to open up the business. We will have 50,000 worth of pre-opening expenses used for advertisement, marketing, and renovating the facility. We will keep a contingency of \$75,000 for any unseen events that may arise.

Operational Cash Flows: (See Appendix D) Entering the 1st quarter of our first year as a fully operating gym, *Pawsitively Fit* is expected to have 100 members by the time of our grand opening. This will be achieved through immense amounts of marketing and advertisement to attract customers to our establishment. This will bring in \$20,000 worth of initiation fees and \$45,000 in monthly membership fees, for a total of \$65,000 for that first quarter. We hope to increase our revenues by a 25%. At this rate we will begin earning a profit during the first quarter of year two. While our expenses do not surpass our revenues. (See Appendix E). All of our profit will go directly towards paying off our bank debt. However, regardless of profit or not, our mortgage of \$5,625 will always be paid towards our bank debt, on quarter 2 of year one the mortgage of both quarters will be paid together. Each quarter the profits plus the mortgage, will always be paid to cover the bank debt. By the time we reach quarter 3 in year 3 we will have given our last payment of \$114,648 to the bank, leaving our debt at 0. During this quarter we will also pay back the investment made by the 6 board members. With our loans covered we will still begin quarter 4 of year 3 with a Cash balance of \$75,192. After adding our revenue to our cash balance, we will begin year 4 with a Cash Balance of 516, 808! We will be able to begin year 4 without any debt and all direct profits.

Aggregate Funding Needs: *Pawsitively Fit* will be financially stable when all loans are paid back along with the investment made by the 6 board members. Our loan of \$800,000 and owner investment of \$150,000 will be paid off by year 3 quarter 3. This is assuming that all profits made during the past quarters go directly to paying off debt.

Contingencies \$ Cash Flow Sensitivities: Some assumptions *Pawsitively Fit* has that could vary are the amount of customers we expect to have, as well as smaller expenses, like the varying of electricity and water bills used in the facility. If this becomes problematic and we need more revenues *Pawsitively Fit* has made a plan to keep the business going; we will have sponsors to finance events we create and to advertise with these partnerships. Creating events will create a buzz about our fitness club and will in turn bring customers, this is also a benefit for

our sponsors to show they support the community and community events. This also will show that our sponsors respect the love of the owner and dog relationships which will also bring customers to our sponsors.

Financial Controls & Management Practices: The way our finances will be monitored and watched is by calculating our revenues each month. This will be done by using a Management Sales Plan (MSP); what an MSP does is evaluate how much sales we get with the expenses we have. We will evaluate each month, seeing if we are above or below our expected revenue and then move forward accordingly; changing plans or keeping what we already have set in place.

Financing Sources & Form:

Capital Structure: Our main source of funding will come from public banks, where all money will be borrowed and paid back in payments. *Pawsitively Fit* will also receive some financial investment from the 6 original founding members. Although, high interest rates will be faced due to borrowing from a public bank, this will appear to be no obstacle since we will be collecting enough revenue to earn a high enough profit which will cover the debt. A loan of \$800,000 will be taken to start up *Pawsitively Fit*, but the firm will also receive an investment of \$150,000 from the founding members. All of which will be paid off by the end of the third quarter in year three.

Long Term Strategy: *Pawsitively Fit* will hold a long term strategy to fill the facility with customers who want to revolutionize their lives with the assistance of their canine companion. We wish to have the firm reach its maximum capacity and expand our services to outside the Portland Metro Area. This will bring in higher profits which would allow us to later expand all over the state of Oregon, with the hopes of expanding nationwide.

In case of loss of profits, *Pawsitively Fit* will do its best to manage financially by cutting back on costs, and doing whatever possible to avoid closure. If a point is reached where the business is about to fall, we hope to team up with company who would sponsor us, which would bring in money, and we would merge *Pawsitively Fit* with that sponsor. We would then have mission which would include not only our goals, but our sponsor's as well. Our sponsor, however, will be pet related to keep the uniqueness factor in our firm.

Critical Risks, Problems, & Assumptions:

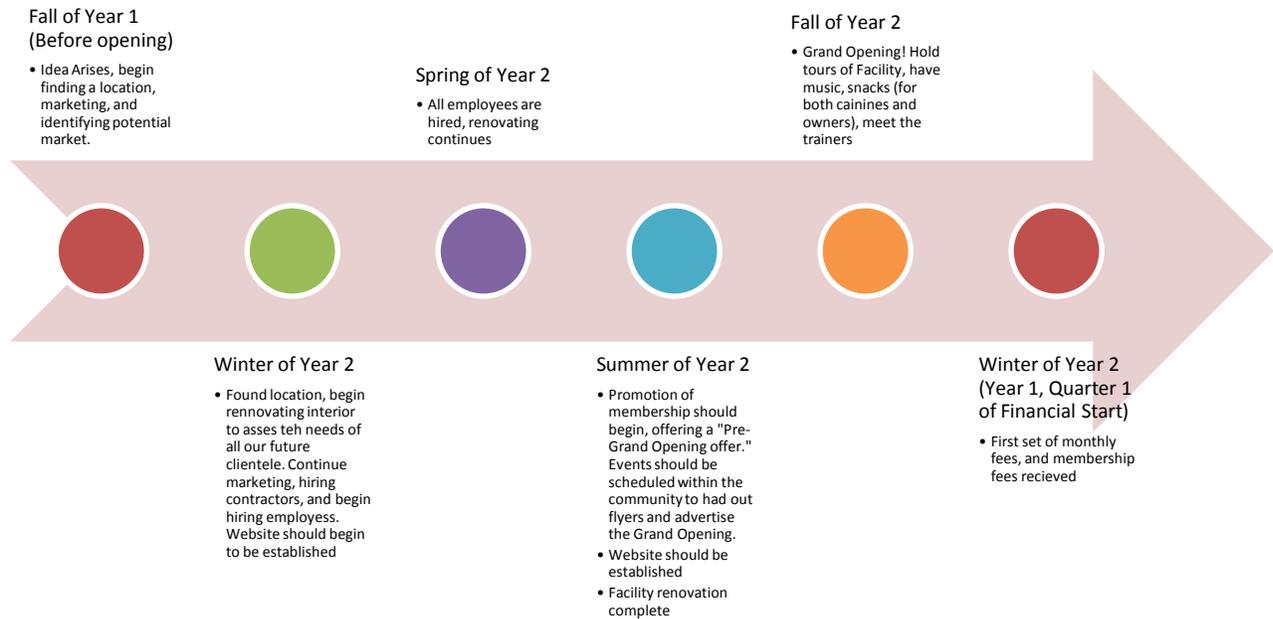
Pawsitively Fit hopes to target to 2 main populations; humans and canines. When having animals interact with humans, their reactions might not be "well behaved." Some possible scenarios we could face are a fight between two dogs, a dog attacking a member of the gym, or a dog attacking a staff member. In any of these scenarios, dog owners must have been told, upon their membership, that they are responsible for their dog and in case of an injury the gym will not be held responsible. By signing a document stating the above, *Pawsitively Fit* will have solved the situation legally, but the situation will not be fixed. Therefore a plan that constitutes the steps to follow in case of an attack should be created. If a staff member detected aggression on a dog, s/he would notify the owner that they could not offer our services for liability purposes. If, however, this was not detected and an attack happened, the owner (or owners), would be notified immediately, and depending on the injuries, proper actions would be taken.

Since we are a gym establishment, injuries will not be limited to dog related accidents. A customer could become hurt while performing their exercise routine. Upon creating a membership, they will be asked to sign a waiver which states that *Pawsitively Fit* will not be responsible for any injuries that may occur during fitness activities. Every equipment piece will have pictures and/or instructions on proper use, and members will be expected to follow the guidelines at all times.

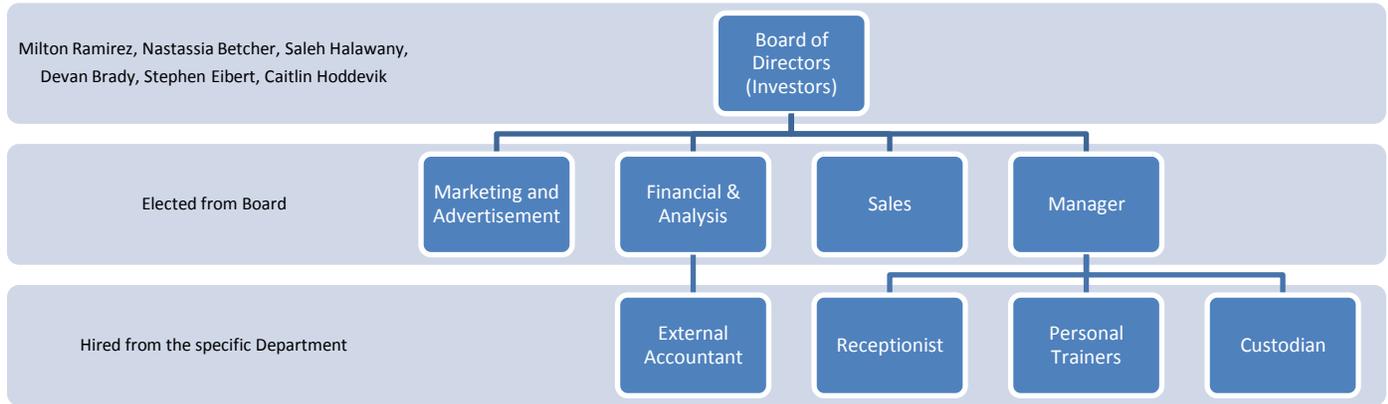
Equipment injuries may occur due to using the equipment improperly, but injuries can also occur when equipment fails. If one of our machines were to fail, the manufacturer would be notified, and the piece of equipment replaced. *Pawsitively Fit* would inform the staff of the equipment malfunction and would prevent the usage of it. If an injury would arise, we would still not be held responsible, but if it was proven that it was due to an equipment malfunction, *Pawsitively Fit* would be responsible, and have the manufacturer take responsibility.

An extreme situation the firm could face could be an earthquake, fire, flood, or any other natural disaster or human provoked event. To avoid losing all of the investment, proper insurance will be attained that will cover the expenses that may result from disasters such as these. Although they are unlikely, we must be prepared.

Appendix A: Critical Events & Milestones Graphic



Appendix B: Organizational Chart



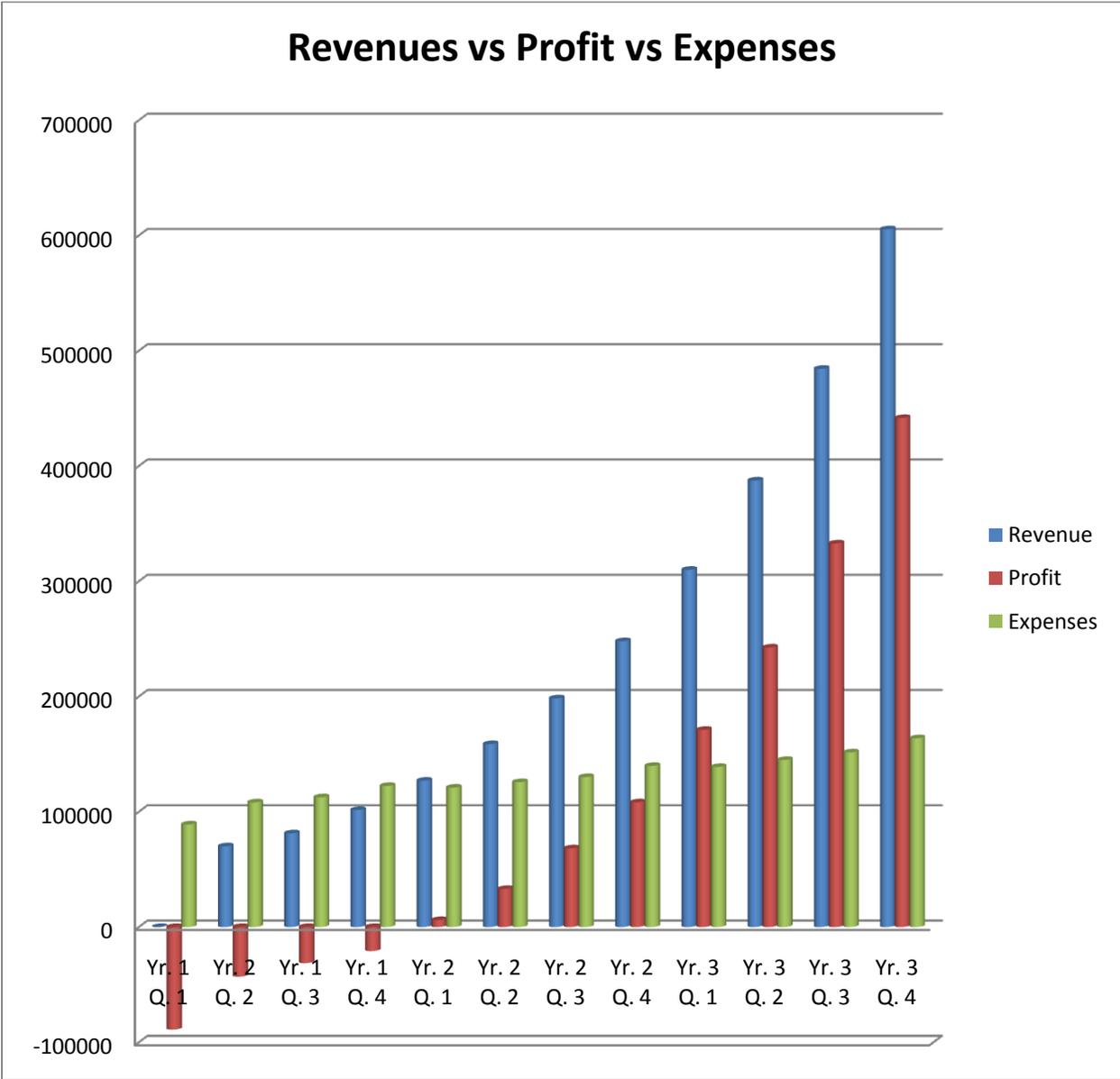
Appendix C: Capital Budget

CAPITAL BUDGET: SOURCES AND USES OF FUNDING												
Sources of Funds	First Year				Second Year				Third Year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cash Balance at Beginning of Period	\$ -	\$158,540	\$104,203	\$ 67,278	\$ 40,826	\$ 35,201	\$ 29,576	\$ 23,951	\$ 18,327	\$ 12,702	\$ 7,076	\$ 75,192
Cash Flows from Operations	-	-	-	-	6,045	33,003	68,254	108,190	171,095	242,515	332,764	441,616
Owner Investment	150,000											
Bank Debt	800,000				-		-	-	-	-		
Other Debt					-				-			
Equity Financing	-											
Total Sources of Funds	\$ 950,000	\$158,540	\$104,203	\$ 67,278	\$ 46,871	\$ 68,204	\$ 97,830	\$ 132,142	\$ 189,422	\$ 255,216	\$ 339,840	\$516,808
Uses of Funds												
Building/Real Estate	\$ 337,500											
Capital Equipment	150,000											
Administrative Costs	-											
Opening Inventory	-											
Pre-opening Expenses	50,000											
Owner Distributions	90,000											
Working Capital Requirement (from Operating Cash Flow Analysis)	88,960	43,087	31,300	20,827	-	-	-	-	-	-	-	-
Contingency (State Assumptions and Explanation)	75,000											
Total Uses of Funds for Capital Expenditures	\$ 791,460	\$ 43,087	\$ 31,300	\$ 20,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments for Operating Activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash at End of Period	158,540	104,203	67,278	40,826	35,201	29,576	23,951	18,327	12,702	7,076	75,192	516,808
Total Uses of Funds for All Purposes	\$ 950,000	\$147,290	\$ 98,578	\$ 61,653	\$ 35,201	\$ 29,576	\$ 23,951	\$ 18,327	\$ 12,702	\$ 7,076	\$ 75,192	\$516,808

Appendix D: Operation of Cash Flows

OPERATING CASH FLOW ANALYSIS												
Description/Period (Month, Quarter or Year)	First Year				Second Year				Third Year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cash Balance at Beginning of Period	\$ -	\$158,540	\$104,203	\$ 67,278	\$ 40,826	\$ 35,201	\$ 29,576	\$ 23,951	\$ 18,327	\$ 12,702	\$ 7,076	\$ 75,192
Cash Flows from Operating Activities												
+ Revenue earned (Sales)	\$ -	\$ 45,000	\$ 56,250	\$ 70,313	\$ 87,891	\$109,863	\$137,329	\$ 171,661	\$ 214,577	\$ 268,221	\$ 335,276	\$419,095
+ Other Income	-	20,000	25,000	31,250	39,063	48,828	61,035	76,294	95,367	119,209	149,012	186,265
- Purchases/Materials	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
- Salaries	66,000	67,980	70,019	72,120	74,284	76,512	78,807	81,172	83,607	86,115	88,698	91,359
- Employee Benefits	9,900	10,197	10,503	10,818	11,143	11,477	11,821	12,176	12,541	12,917	13,305	13,704
- Utilities	5,000	5,750	6,613	7,604	8,745	10,057	11,565	13,300	15,295	17,589	20,228	23,262
- Telephone	60	60	60	60	60	60	60	60	60	60	60	60
- Advertising and Promotions	5,000	5,750	6,613	7,604	7,000	7,350	7,000	6,500	5,000	5,000	5,000	5,000
- Office Supplies and Expenses	1,000	1,150	1,323	1,521	1,749	2,011	2,313	2,660	3,059	3,518	4,046	4,652
- Insurance	2,000	2,200	2,420	2,662	2,928	3,221	3,543	3,897	4,287	4,716	5,187	5,706
- Legal and Accounting	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000
Subtotal: Cash provided by/(used in) Operating Activities (Working Capital Requirement)	\$ (88,960)	\$(43,087)	\$(31,300)	\$(20,827)	\$ 6,045	\$ 33,003	\$ 68,254	\$ 108,190	\$ 171,095	\$ 242,515	\$ 332,764	\$441,616
Cash Flows from Investment Activities												
+/- Investments in Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
+/- Other Resources and Materials	-	-	-	-	-	-	-	-	-	-	-	-
+/- Capital Uses of Funds from Capital Budget (Excludes Working Capital Requirement)	(702,500)	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Cash provided by/(used in) Investment Activities	\$ (702,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities												
+/- Owner Investments/Distributions	\$ 150,000	\$ -									\$(150,000)	
+/- Proceeds from Loans/Payments on Loans	800,000	(11,250)	(5,625)	(5,625)	(11,670)	(38,628)	(73,879)	(113,815)	(176,720)	(248,140)	(114,648)	-
+/- Proceeds from Common Stock Sales/Repurchases	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Cash provided by/(used in) Financing Activities	\$ 950,000	\$(11,250)	\$ (5,625)	\$ (5,625)	\$(11,670)	\$(38,628)	\$(73,879)	\$(113,815)	\$(176,720)	\$(248,140)	\$(264,648)	\$ -
Total Cash Flows (Outflows) during Period	158,540	(54,337)	(36,925)	(26,452)	(5,625)	(5,625)	(5,625)	(5,625)	(5,625)	(5,625)	68,116	441,616
Cash Balance at End of Period	\$ 158,540	\$104,203	\$ 67,278	\$ 40,826	\$ 35,201	\$ 29,576	\$ 23,951	\$ 18,327	\$ 12,702	\$ 7,076	\$ 75,192	\$516,808

Appendix E: Revenue, Profit, and Expenses



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