

The fitness industry is an ever-changing environment. Over the last decade, personal training and other fitness-related services have skyrocketed in interest and participation. As the industry changes, so do the participants and the need to stay ahead of the trend. What has not changed is the theory and practical application of sound business practices. This book is a tool to give you an introduction to these practices. It is meant to provide future fitness entrepreneurs with an understanding of how to start a business, generate income, and create growth and sustainability in the fitness industry.

What's new in this ever-changing industry? More people are taking their health more seriously. As the percentage of overweight and obese individuals in the United States continues to climb, the need for well-equipped, knowledgeable fitness professionals has become even more evident. According to the U.S. Bureau of Labor Statistics, employment of fitness workers is expected to increase 29 percent over the 2008–18 decade, which is much faster than the average for all occupations. These workers are expected to gain jobs because an increasing number of people are spending time and money on fitness, and more businesses are recognizing the benefits of health and fitness programs for their employees.

Personal training, a direction that many fitness professionals choose to take, is one of the fastest-growing professions in the health and fitness industry. In the last decade, personal training has gone mainstream. In 1999, four million Americans were using personal trainers. Since 2004, that number has hovered near the six million mark, according to an IHRSA study on personal trainer use. (*Source: IHRSA/ASD National Survey of Personal Training Usage*).

This text is written specifically for fitness professionals who have entertained the idea of going out on their own and starting their own business. You should view this text as a handbook or entrepreneurial tool to expand your knowledge, and to develop an understanding of the necessary elements in designing, starting, and managing a small business in the fitness industry. The book is full of valuable stories, new ideas, and creative concepts to start and grow your fitness business. Applying genuine business practices with real knowledge will provide you, the fitness professional, with business skills and experience that are fundamental to your success.

Chapter Outline

To develop the understanding necessary to design, start, and manage a small fitness business, this book consists of 13 chapters. These chapters are in turn organized into five major sections. The first section provides a history of personal fitness and, by introducing key business concepts, it sets the groundwork needed before you develop a new business idea.

Many individuals have considered starting a new business when an opportunity was presented to them or they were frustrated by their current positions. However, prior to this step there are several areas that demand examination. The potential entrepreneur(s) should carefully examine her own tendencies or willingness to take on risk. Chapter 1 describes the history of personal fitness and provides students with an understanding of the impact of small business in society. Chapter 2 develops the criteria

necessary to evaluate individual needs and desires, as well as the group dynamics so common in the start-up of a new venture. Chapter 3 focuses on how to generate ideas for a small business.

The next section of the text is dedicated to making sure that your business gets off on the right foot. It coaches you on how to think as critically about your own business idea as you would about the purchase of another business. Chapter 4 shows you how to think competitively so you can translate your fitness expertise into a viable business in today's market. Chapter 5 expands on this idea by explaining how to decide on your business's mission and strategy. Chapter 6 provides tools to assess the financial fitness of your business idea. Taken as a whole, these chapters guide you in the research and analysis that are necessary before you jump into starting your own business.

Section 3 is designed to put all of this analysis into action. The difference between people with good ideas and those that are entrepreneurs is the action of establishing and running a business. Chapter 7 reviews the legal frameworks for a new small business, regulations that impact the operation of any business, and the basics of developing and executing contracts. Chapter 8 begins the examination of the actual business operations of your small business. Finally, establishing the accounting and financial framework crucial for a business is discussed in Chapter 9.

The fourth section examines operational issues as your business begins to expand. The topics included are the establishment of human resources (Chapter 10) and marketing (Chapter 11). Both of these topics are uniquely important in the early growth of a new small business.

The last section examines two other issues critical to a small business. Chapter 12 examines a wide variety of ways for exiting a business. Chapter 13 looks at two means to buy into a business rather than starting it from scratch. They are buying an existing business and franchising.

Key Text Features

Each chapter includes key features that help illuminate important ideas in interesting and applied ways.

Chapter Openers

Each chapter begins with a **case study** of a small personal-fitness business. These realistic portraits provide an overview of both the everyday successes and the failures associated with small business ownership. **Learning outcomes** identify the concepts students need to master.



chapter
7

The Legalities of Your Personal Training Business

CASE STUDY

Susan had been running Basic Fitness, a women's-only fitness center in an urban area, for eight years. In order to compete with other local businesses, Susan decided to shift the focus of her business and start offering various fitness-related services such as group and one-on-one personal training, massage therapy, and esthetic and chiropractic care. To search for potential employees, Susan placed a number of ads in the local newspaper and on several websites, which garnered a large number of candidates for the services she wanted to offer. Susan was impressed with the range of talents in the pool of applicants. As she continued exploring the talent pool, Susan began projecting the additional revenue that her expanded business would generate. After numerous interviews, Susan decided to employ five personal trainers, a chiropractor, an esthetician, and a massage therapist who would work in conjunction with the chiropractor.

About a week after he started working at Basic Fitness, the massage therapist, James, came to Susan's office and asked about her liability coverage. He apologized for not remembering to ask about this upfront during his recruitment, but it just came to mind. Susan, too, suddenly realized that she had failed to investigate how her legal liability had changed given her new services. Susan started making phone calls to her peers and colleagues, and after considerable research, she realized that she did not have adequate risk management policies and procedures in place and that she also needed to investigate the issue of legal liability.

As she did this work in panic mode, Susan began to wonder what other tasks she had left undone in preparing her business for expansion. She wondered if she would have to pay higher liability insurance than she had anticipated. She did not know if there were additional licenses that she needed to apply for. To allow her business to thrive, Susan should protect herself legally, ethically, and morally.

learning outcomes

After studying this chapter, you will be able to:

<p>7.1 Discuss the various legal forms of business in order to determine the best design for a proposed new business.</p> <p>7.2 Explain the nature of independent contractor status.</p> <p>7.3 Explain the basics of contracts.</p> <p>7.4 Define the role of leases in the legal formation of the new business.</p>	<p>7.5 List how laws, rules, and regulations benefit new businesses.</p> <p>7.6 Demonstrate the appropriate standard of care and scope of practice for personal trainers.</p> <p>7.7 Define the role that insurance plays in the risk portfolio of the new business.</p> <p>7.8 Explain the basics of the legal system.</p>
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EXERCISE 7

1. Create a mini-plan for the types of insurance you would want to purchase for your fitness business. Provide a reason for including each type.
2. Imagine a scenario in which your personal trainer, who trains you at his house, is negligent and does not prevent you from being injured during your session. The trainer has no professional liability insurance. What would you do? Why?

Exercises

Throughout the chapter, **exercises** ask students to think critically about the topics being discussed. They help students apply what they are learning to the real-world challenges of starting a business.

Ethical Challenge Boxes

These dilemma-based questions look at ethical realities within the successful creation of a small fitness business, such as utilizing a client list when starting your own club. These features encourage students to examine the moral complexities of small businesses.

ethical challenge

Paula had recently started her business as an independent-contractor personal trainer and was looking forward to training individuals in their homes. Her first client, Joyce, had prepaid for 12 sessions, which were to take place three times a week. The sessions would be a challenge due to Joyce's physical infirmity, but Paula knew she was up to the challenge. At their first session, as Paula went over the standard paperwork with Joyce, Paula realized that she had failed to include an assumption of risk and liability waiver. After a short discussion, Paula and Joyce decided to proceed with the initial workout without having Joyce sign the waiver and assumption of risk form; she could sign the form before the next session.

For this first session, Paula decided to do a series of fitness assessments with Joyce, one of which was the three-minute step test. One minute into the step test, Joyce stepped awkwardly and rolled her ankle. After taking a break, Joyce said she felt fine, and they completed their session.

The next day, Paula called Joyce to confirm their next session for the following day. Joyce told Paula that her ankle had been bothering her all night and now it was swollen. Paula canceled the session and told Joyce to call her back when she was feeling better. Paula noted in her records that the client was too injured to participate.

Paula was very busy over the next few days with other clients and realized a week later that she hadn't heard from Joyce. After leaving several messages over several days, Paula decided to drive to Joyce's house to check on her. When Joyce opened the door, she seemed surprised to see Paula and asked that she remain at the door while she went and got something. She brought back a demand letter from an attorney stating that because of negligence, Joyce was requesting a refund of her prepaid fee. Is Joyce entitled to the return of any or all of the fee? If so, what is the determining factor?

key terms

ADA 119	LLC 114	sole proprietorship 108
contract 116	LLP 111	standard of care 120
draw 109	partnership 109	Subchapter C corporation 113
general partner 111	scope of practice 120	Subchapter S corporation 112
independent contractor 114		

End-of-Chapter Review

Key terms are bolded in the chapter text and defined in the margins, making it easy for students to keep track of the new concepts they refer to. These key words are listed at the end of the chapter for easy review. Like the exercises throughout the chapter, **review questions** at the end of the chapter ask students to consider specific questions and challenges of starting and running a small fitness business. **Individual exercises** help students think as small-business owners, examining and resolving the issues that can come up for any small business. **Group exercises** encourage students to work in teams to address larger questions, practicing the cooperation and creativity that are vital to the success of a small business.

review questions

1. What is a sole proprietorship? Name one advantage and one disadvantage to owning a sole proprietorship.
2. Define limited liability corporation.
3. Define tort.
4. Explain the benefits for club owners of hiring independent contractors.
5. Using the Internet, study local and state regulations and licensing requirements for fitness professionals or fitness facilities (your choice) in your area. Formulate a paragraph describing how you would implement these regulations and licensing requirements.
6. Would offering advice on diets for weight loss be within the scope of practice for a personal trainer? Why or why not?
7. Justify why it is imperative for a personal trainer to have professional liability insurance even if incorporated as a limited liability corporation.
8. Assess the phrase "reasonably prudent person." What makes a "reasonably prudent" fitness professional?

individual exercise

Compile a list of legal issues that you might have to deal with in your own fitness-related business. Consider the form of your business, contracts, leases, regulations, licenses, and insurance. Also consider costs. You may choose to make a table to organize this information.

group exercise

Break into groups of four or five. Together, design a waiver of liability for a local fitness club that offers both personal training and group instruction. Samples can be found online. Debate why you should or should not include certain features. Discuss why having clients sign such a waiver does not necessarily release the club from all liability, and determine what types of insurance will help to protect the club.

Supplementary Materials

Test Bank: Every chapter provides a series of test questions, available in our Test Bank. Questions are organized by Learning Outcome and Bloom's Taxonomy. The Test Bank is available both in EZ-Test Online and Word document formats.

Instructor's Manual: The IM outlines course materials, additional in-class activities, and support for classroom use of the text. It has been organized by Learning Outcome to both give instructors a basic outline of the chapter and assist in all facets of instruction. For every question posed in the text, the IM provides a viable answer. Ultimately, this will be to an instructor's greatest advantage in using all materials to reach all learners.

PowerPoints: PowerPoint slides include important chapter content and teaching notes tied directly to Learning Outcomes. They are designed to engage students in classroom discussions about the text.

Asset Map: We know that instructors' time is valuable. To help you prepare, we have created an Asset Map. The Asset Map identifies the chapter, Learning Outcome, page number, and exactly which supplements are available for you to use.

Acknowledgments

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Outcomes

Our ultimate goal is that students will leave this class not only with a much greater appreciation for what it takes to start a small fitness business, but with the foundations necessary to actually start that business. The small businesses that surround you every day—doctors' offices, law firms, construction companies, and gyms—did not come into operation or stay in operation by chance. Small businesses take tremendous effort to become and remain successful. We expect that some of you will be able to take what we present here as a foundation for your own business in the fitness industry.