

Fitness Studio Business — Workbook

This workbook turns the course into a launch and operating plan for your gym, yoga, Pilates, or boutique fitness studio. You will choose and price a membership model, compute your break-even, design an instructor pay plan, pressure-test a lease, and build the first-90-days retention journey and KPI dashboard. Work through one section per module using your own real numbers, then complete the action plan and fill in the included templates.

Membership Models and Pricing

Choose your membership structure, price it from contribution margin, and find the member count you must sell to break even.

Exercise: Choose Your Membership Model

Decide which model leads your offer and why, based on your concept and how your best members will want to buy. Be specific about the price gaps that steer members toward the option you want.

- Is your concept high-frequency (favoring unlimited) or premium per-visit (favoring packs), and which model will you lead with?

- What are your three price points: unlimited membership, class pack (price per class), and single drop-in?

- How will you price the alternatives so the option you want most members on is clearly the best value for a regular?

- Roughly how many visits per month do you expect your average unlimited member to actually attend?

Worksheet: Variable Cost and Contribution Margin per Class

Build the true variable cost of one full class, then derive contribution margin per visit and per member. Use your real instructor pay and consumable costs.

Instructor pay per class

Payroll tax and overhead on that pay (percent and dollars)

Consumables and amenities per attendee times average attendees

Music licensing and software allocated per class

Total variable cost per class

Variable cost per attendee

Effective revenue per attendee

Contribution margin per visit

Estimated variable cost to serve one unlimited member per month

Worksheet: Break-Even Member Count

Total your monthly fixed costs, then divide by contribution margin per member to find the members and weekly class visits you must sell to break even.

Base rent plus NNN per month

Owner or manager salary per month

Non-class labor (front desk, cleaning) per month

Equipment loan or lease per month

Software, insurance, utilities, marketing per month

Total monthly fixed costs

Contribution margin per member per month

Break-even members (fixed costs divided by contribution margin)

Break-even weekly class visits (members times monthly visits, divided by 4.3)

Available weekly seats (classes times seats) for comparison

Checklist: Pricing and Membership Setup

- Chosen a lead membership model matched to my concept and city
- Set unlimited, class-pack, and drop-in prices from contribution margin, not just competitors
- Estimated average monthly visits per unlimited member from realistic data
- Confirmed contribution margin per member covers a fair share of fixed costs
- Calculated break-even member count and confirmed it sits well below my realistic steady-state target
- Checked that break-even weekly visits fit inside my available seat supply
- Set an ARM target and a plan to hold or grow it

Instructors and Class Economics

Hire instructors who fill rooms, choose a pay model that protects margin, and run the schedule from the utilization report.

Exercise: Design Your Instructor Pay Model

Pick a pay structure and test it at three fill levels so you see how class margin moves with attendance. Decide the structure before you hire so every offer is consistent.

- Which pay model will you use: flat per class, base plus per head, revenue share, or salaried, and why?

- What are the exact numbers (for example base plus per-head rate), and what does a class cost at low, medium, and full attendance?

- What contribution does a class throw off at each of those fill levels after pay and other variable cost?

- How will you classify instructors as employees or contractors under your local labor rules, and have you confirmed it?

Worksheet: Class Margin at Three Fill Levels

For a representative class, compute revenue, instructor pay, other variable cost, and contribution at low, medium, and full attendance under your chosen pay model.

Class type and seat capacity

Effective revenue per attendee

Attendees: low / medium / full

Revenue at each fill level

Instructor pay at each fill level

Other variable cost at each fill level

Contribution at each fill level

Break-even attendees for this class slot

Worksheet: Schedule and Utilization Map

List your planned weekly class slots with assigned instructor and expected attendance, then flag which slots get your strongest instructors and which are at risk.

Day and time slot

Class format

Assigned instructor

Seat capacity

Expected average attendance

Expected utilization percent

Priority slot (yes/no) and minimum-viable headcount

Checklist: Instructor Hiring and Scheduling System

- Defined audition process that tests member connection and energy, not just certification
- Verified required certifications and current CPR/first aid for each instructor
- Chosen and documented an instructor pay model with a written offer template
- Confirmed correct employee or contractor classification with an accountant
- Placed strongest instructors in highest-demand time slots
- Set a minimum-viable headcount and a clear cancellation rule per class
- Built a substitute bench so no single absence cancels a class
- Set up a weekly utilization report by class, instructor, and time

The Lease and the Build-Out

Evaluate sites against demand and occupancy cost, negotiate the terms that set your fixed cost, and budget the pre-opening capital.

Worksheet: Site Evaluation and Occupancy Cost Check

Score each candidate location on the factors that matter, then test base rent plus NNN against your projected steady-state revenue.

Site address

Catchment and target-member density notes

Visibility and signage rating

Parking or transit rating

Co-tenants and competition notes

Base rent per square foot per year

NNN per square foot per year

Total monthly occupancy cost (base plus NNN)

Projected steady-state monthly revenue

Occupancy cost as percent of revenue (target 12 to 18 percent)

Exercise: Lease Concession Negotiation Plan

Plan your asks before you negotiate. Decide your targets for the concessions that most affect cash and fixed cost, and what term you will trade for them.

- What TI allowance per square foot will you request, and how will it be paid (reimbursement vs landlord work)?
- How many months of free or reduced rent will you request for build-out and for the early ramp?
- What lease term and renewal options will you seek, and what escalator cap is acceptable?
- What is your position on a personal guarantee, and can you negotiate a limited or burn-down guarantee?

Worksheet: Pre-Opening Capital Budget

Estimate the total cash needed to open and survive the ramp, including build-out, equipment, and several months of fixed costs before break-even.

Build-out cost (per square foot times area)

TI allowance offsetting build-out

Net build-out cost after TI

Equipment cost (bikes, reformers, sound, lighting, lockers, etc.)

Months of fixed costs to fund before break-even

Working capital for that ramp period

Contingency (15 to 20 percent)

Total opening cash required

Checklist: Pre-Opening Compliance and Readiness

- General liability insurance bound through a fitness-experienced broker
- Property and professional liability coverage in place
- Workers compensation arranged where required for employees
- Business license and any required fitness facility permits obtained
- Lawyer-reviewed member waiver and health-history process ready
- Certificate of occupancy and passed building, fire, and accessibility inspections
- Equipment delivered, installed, and tested
- Booking software configured and class schedule built
- Soft-launch period scheduled before the public grand opening

Member Retention and Studio KPIs

Quantify churn and lifetime value, build the first-90-days journey, and run the studio from a weekly and monthly KPI dashboard.

Worksheet: Retention and Unit Economics

Compute your churn, average lifetime, LTV, CAC, and the LTV to CAC ratio. Use real or carefully estimated figures and recheck quarterly.

Members at start of month and members lost

Monthly churn rate

Average member lifetime in months (1 divided by churn)

ARM (average revenue per member)

Gross margin percent

Lifetime value (ARM times lifetime times margin)

Monthly sales and marketing spend and new members acquired

CAC (spend divided by new members)

LTV to CAC ratio and CAC payback period in months

Exercise: Build the First 90 Days Journey

Design the early member experience that drives habit-forming visit frequency and converts trials to memberships. Specify the touchpoints and who owns each.

- What is your intro offer, and how does it encourage multiple visits in the first week rather than just one?
 - What automated and human touchpoints happen at first visit, day 3, day 14, and day 30, and who owns each?
 - What early visit-frequency target signals a member is forming a habit, and how will you reach out if they fall behind?
 - What is your specific conversion conversation to move trial and pack members onto an unlimited membership?
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Checklist: Community and Retention System

- Automated welcome, day-3, day-14, and day-30 messages set up in the booking platform
- Personal first-30-day check-in assigned to a real instructor or staff member
- Milestone recognition (for example 10th class) built into the journey
- New-member 30-day visit frequency tracked as an early-warning metric
- Intro-offer-to-membership conversion conversation scripted and practiced
- A regular calendar of events, challenges, or member milestones to build community

Front-desk standard for greeting members by name and making them feel they belong

Checklist: KPI Dashboard and Review Cadence

One-page dashboard tracking active members, net growth, churn, ARM, utilization, LTV to CAC, and occupancy cost

A target (goal line) set for every KPI on the dashboard

Weekly review of utilization, joins, and cancellations with classes to add, move, or cut

Monthly review of churn, ARM, members versus break-even, and marketing efficiency

Quarterly review of occupancy cost ratio, pricing, and instructor pay margin

A decision or action attached to any KPI that is off target

Your Action Plan

1. Choose your lead membership model and set unlimited, class-pack, and drop-in prices from contribution margin.
2. Compute your break-even member count and confirm your realistic steady-state target sits comfortably above it.
3. Select an instructor pay model, test class margin at low, medium, and full fill, and confirm employee or contractor classification.
4. Build your weekly class schedule placing strongest instructors in peak slots, with minimum-viable headcounts set.
5. Shortlist and score sites, then test base rent plus NNN against projected revenue (target 12 to 18 percent occupancy cost).
6. Negotiate TI allowance, free rent, term, escalator cap, and guarantee, and get every concession written into the lease.
7. Build a pre-opening capital budget covering build-out, equipment, and several months of fixed costs plus contingency.
8. Complete all permits, inspections, insurance, and a lawyer-reviewed waiver before scheduling a soft launch.
9. Stand up the first-90-days onboarding journey in your booking software and assign human check-in touchpoints.
10. Build your one-page KPI dashboard with targets and lock in weekly, monthly, and quarterly review cadences.

