



BUSINESS HEALTH CHECK: THE BENEFITS OF AN EXIT PLAN

To some, thinking about an exit plan before you buy or start your business is kind of like considering a divorce before you've even gone on your first date. While the ego may think it's a bad idea, smart business operators understand the value of this process. Damien Bain and Paul Leach explain.



Having an exit plan for your business is not something that should be left until you decide to sell. Great businesses have an exit plan from the very beginning. And it's not just about getting more for your business when it comes to selling. With an exit plan in place, you'll be building a more efficient and profitable business.

Running a health club doesn't give you a lot of free time to think about the end game, irrespective of whether it's a small boutique studio or a full service club with 3,000+ members; spare time is very limited. As a result many gym owners don't have a plan in place when it comes to exiting their business.

For many business owners, the first thought of the exit plan is when the decision to sell has already been made. In many cases, this decision is forced by circumstance – sometimes they didn't see it coming; other times, they're simply just over it and by their own admission, should have sold a while back.

Selling, when you are in this position, is understandably difficult and often results in receiving substantially less for the business. In addition, when you have to sell quickly, the process becomes significantly more stressful.

But having an exit plan is not just about avoiding stress and loss from an unprepared sale. A well thought out exit plan can do amazing things for the profitability and success of your business.

Know your numbers

If you do not already know your key metrics and margins, then now is the time to make a start - don't put this off any longer! You don't need to be a financial whizz but you should be able to see how your business is tracking and spot any potential issues before they get out of control.

The four main areas that you should be tracking

1. Member movement: New members minus any cancellations.
2. Commercial business management: Where is the revenue coming from, what is the cost of sales?
3. Member satisfaction: What are your members/clients saying?
4. Your people: What are your team saying and feeling? This is your engine room. Are they a custodian of the business?

If you're not tracking these areas already, try it for a couple of months and you may be surprised at the difference this knowledge makes to your operations. As they say, 'what gets measured gets managed'.

Keep track of your weekly, monthly and quarterly profit and loss results. Make this monitoring process a non-negotiable part of your admin, and watch the numbers improve.

By consciously tracking and improving systems surrounding each of these four pillars, not only will you have a business that's more attractive to a buyer, you'll undoubtedly be leading a more profitable fitness business. ♦



Damien Bain & Paul Leach

Damien Bain and Paul Leach are the co-founders of Fitness Business Sales, which is a specialist consultancy that guides gym owners through the process to successfully and profitably sell their business. To learn more visit www.fitness-business-sales.com.au