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Corso di Laurea Magistrale in International Economics and Commerce

**Business Plan for the expansion of an existing  
venture: MoWell' s case.**

**Business Plan per l'espansione d'impresa:  
il caso MoWell**

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## **Abstract** (English Version)

Over the last years a number of studies have been devoted to business plans in order to investigate planning effectiveness and describe methodologies. Alongside traditional business plans they have been developed new tools such as the Lean Start-up Approach. In the paper it is provided a literature review on business plans, describing what they are, how they are designed and which principles they follow. Furthermore, attention is also given to evidence sustaining the importance of formal planning in business creation (or expansion) processes. The principal aim of this dissertation is, however, to elaborate a business plan for the expansion of a venture operating in the functional fitness and rehabilitative industry. The plan will serve as a case study to highlight the cruciality of developing a clear and well-defined plan to achieve success and sustainable operations.

**Keywords:** Business Plan – planning – expansion – functional training – rehabilitation

## **Abstract** (Italian version)

Negli ultimi anni diversi studi sono stati dedicati ai business plans al fine di verificarne l'efficacia e descrivere le metodologie di pianificazione aziendale. Al fianco dei business plans tradizionali sono stati sviluppati nuovi strumenti quali la metodologia Lean Start-up. Nel documento è presente una rassegna letteraria sui business plans, posta al fine di descrivere cosa sono, come vengono elaborati e secondo quali principi. Inoltre, è stata dedicata attenzione a prove e ricerche a sostegno dell'importanza di una corretta pianificazione per i processi di creazione (o espansione) di idee imprenditoriali.

Lo scopo principale di questa tesi è, in ogni caso, quello di redigere un business plan per l'espansione di un'impresa che opera nel campo dell'allenamento funzionale e della riabilitazione.

Il piano servirà come caso di studio per evidenziare la crucialità dello sviluppo di un piano chiaro e ben definito in modo da raggiungere il successo e condurre operazioni in maniera sostenibile.

**Parole chiave:** Business Plan – pianificazione – espansione – allenamento funzionale – riabilitazione

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# 1. INTRODUCTION: FUNDAMENTAL CONCEPTS

## 1.1 Literature Review on Business Plan as a strategic tool: definition, functions and importance

A Business Plan contains all the information necessary to develop a new business, redefine or enlarge an enterprise. Planning implies processes of analysis, evaluation, and timing. (Iacobucci, Iacopini, and Paolinelli 2004).

Entrepreneurs should engage in business planning during the process of venture creation as a way to have a guide towards activities that are useful for starting new firms and to facilitate the transition to other firm organising activities (Abrams, 2003; Ford, Bronstein, Pruitt, Ernst, and Young 2007; Timmons, Zacharakis, and Spinelli, 2004; Delmar and Shane, 2004).

One of the concerns of a business plan is to develop entrepreneurial projects from initial ideas; hence, it is considered an important strategic tool in order to evaluate *feasibility*.

Perhaps, the most important step in launching any new venture or expanding an existing one is the construction of a business plan insofar as it performs both internal and external functions. (Barrow, Barrow, and Brown, 2001).

In fact, a variety of studies suggest that planning helps individuals to develop a framework and context for taking action so that individuals can: (1) identify points



they do not know about the business and its environment, (2) understand what the resources needed are and when these might be utilised, (3) identify specific action to solve problems and attain goals, and (4) better communicate to external parties what are their vision, the goals and the activities necessary to achieve success. Therefore, it is possible to state that business planning is crucial in identifying *key resources* of ventures creation processes; representing a form of “legitimacy” to individuals who have a plan as a means to show that they understand the requirements to successful implementation of business activities. (Delmar and Shane, 2003; Ansoff, 1991; Locke and Latham, 1980; Liao and Gartner, 2008).

Furthermore, those who support business plan strongly believe that its essentiality is particularly evident when considering dynamic and unstable environments because planning may reduce uncertainties related to decision making processes.

Business plans are useful from the perspective of the entrepreneurs as a source for studying the project they want to undertake and for evaluating it, but they are also fundamental to raise money, both from potential investors and banks. In addition, business planning is often required in order to participate in government sponsored entrepreneurship programmes and funding.

Anyway, it is wrong to think at a business plan as a bureaucratic element or a sort of form to be completed for a loan request: it is a more complex system based on accessible manner the business idea and its evolution overtime (Guță, 2014).

The elaboration of a business plan involves a number of information and analysis. The design of an accurate structure of the elements of the plan is fundamental; all the data gathered, and the analysis developed should be clear and convincing. At the same time, unnecessary information must be avoided for not creating confusion. Guță (2014) states that in most cases, professionals develop different versions of the same business plan considering different recipients:

1. Confidential version (for special users, usually internal to the company).
2. Partial version (emphasizing different sections on needs, for example cash flows and capital structure when presenting it to investors and creditors).
3. Specific version (for specific readers such as managers).
4. General version (avoiding confidential information)

The drafting of a business plan could be a costly activity that requires time and efforts, in particular when presenting different versions, but it should be considered as an investment of surely usefulness both for the enterprise and the entrepreneur (Iacobucci, Iacopini, and Paolinelli, 2004).

However, not everyone agrees with the view of the business plan as a form of investment. In fact, some academicians and entrepreneurs moved criticism to planning, they believe that entrepreneurs construct their business through action (Baker and Nelson, 2005).

Moreover, Matthews and Scott (1995) suggested that the business creation is such an unpredictable process that planning could not help in determining critical points. Actually, business planning is mostly contested exactly in those business environments characterised by uncertainty and dynamism due to the continuous changes that may occur which are, of course, unpredictable and thus cannot be planned. What is true is that there is evidence in favour of planning: researchers demonstrated that business planning leads to persistence (Delmar and Shane, 2003; Honig and Karlsson, 2004; Liao and Gartner, 2006; Perry, 2001).

Not surprisingly, possession of a business plan showed a positive association with those owner-managers with a growth orientation (Richbell, Watts and Wardle, 2006).

According to empirical evidence collected by Liao and Gartner (2008) entrepreneurs who completed a business plan were six times more likely to start a business than individuals who did not. Moreover, once started the business creation activities those who planned were 2.6 times more likely to persist in the process. In addition, surveys results show that the likelihood of starting an activity and/or persisting in the business creation process was even higher for those entrepreneurs that decided to develop a formal written business plan rather than an informal or oral one.

Finally, planning has demonstrated to be a fundamental of business creation and not a time detracting activity. Business plans are considered to be beneficial

particularly in high uncertainty environments. Indeed, plans are indicators of a strong knowledge of the task to be undertaken and may be used as an evaluation tool to prevent entrepreneurs engaging in businesses that are not worthy to pursue (Liao and Gartner, 2006:2008).

Nowadays, they have been introduced also new planning methodologies opposed to the “traditional business plan”. A valid example is the Lean Start-up Approach, consisting in a procedure based on initial assumption to be experimented through client response and product development at minimal levels. Although this approach is becoming a widespread practice among entrepreneurs, literature on the topic is still not sufficiently developed, so further investigation is needed.

To conclude this introductory paragraph, it is appropriate to point out that additional contributions to existing knowledge on business plan importance would be beneficial; in particular, education can play an important role in this context. Formal training in academic fields should be reinforced in order to sophisticate nascent entrepreneurs’ knowledge of business planning.

## **1.2 Fundamentals of a business plan and general principles of elaboration in Italy**

There are no universally recognised rules and principles applicable to business plan elaboration but, of course, there are some aspects that must be satisfied when developing a plan. Conventionally, they have been identified some basic features to be included in a successful plan.

First of all, a business plan should be seen as an on-going instrument. When preparing a business plan, the writer has to allow for flexibility. It is fundamental, moreover, to clearly communicate strategies and competitive advantages otherwise the plan would be incomplete. Finally, when drafting a business plan the writer has to remember that *numbers matter* so financial data and forecasts (such as sales, revenues, costs, etc.) must be included. However, all the features listed above will be discussed more in deepen together with the structural form and the sections of a business plan in another paragraph of this chapter.

In Italy, to face the lack of universally accepted principles the “Consiglio Nazionale dei Dottori Commercialisti”<sup>1</sup> has indicated six aspects which must be

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<sup>1</sup> Guidelines to Business Plan Elaboration document approved by “Istituto di Ricerca dei Dottori Commercialisti e degli Esperti Contabili”

complied with. These elements are known as general principles of business plan elaboration: clarity, completeness, reliability, neutrality, transparency, and prudence.

### *1.2.1 Principle of Clarity*

Clarity is meant as the easiness of reading and comprehensibility of the business plan; hence, according to this first principle the plan must not contain too many documents and data, but it is necessary to select only the appropriate information and elements to be reported. The respect of this first principle makes the reader immediately understand the entrepreneurial idea, the targeted objectives and how the writer has planned to achieve them.

### *1.2.2 Principle of Completeness*

The principle of completeness states that the analysis of the business event should not be limited to the event itself. On the contrary, it is important to include an analysis of all the relevant enterprise areas that may be affected. Furthermore, a business plan can be considered complete only if it is composed by some fundamental sections and documents that I will explain in detail later in this chapter.

### *1.2.3 Principle of Reliability*

The principle of reliability is considered satisfied only if the procedures that made possible the formulation of the hypothesis of the plan and the evaluation of

the activities proposed are carried considering reliable data and documents. In addition, for a business plan to be considered reliable it is essential that the overall content and its single elements are compatible, coherent and reasonable.

#### *1.2.4 Principle of Neutrality*

Conforming to the principle of neutrality, the business plan must be elaborated following objective criteria thus it should not be influenced by personal and non-declared scopes of the writer(s).

#### *1.2.5 Principle of Transparency*

The concept of transparency is strictly related to those of clarity and reliability. In fact, it should be possible to carry a reverse analysis of the idea elaborated in the business plan and the source of each single element must be identifiable. All the information and data gathered by the writer have the aim of giving the reader all the necessary instruments for the business plan comprehension. Moreover, unnecessary verbiage must be omitted.

#### *1.2.6 Principle of Prudence*

The principle of prudence has reference to the hypothesis expressed in the plan, that must represent the most probable scenarios at the time of the elaboration. When two or more scenarios are possible, it has to be chosen the one which in economic terms offers the lower revenues/higher costs that is, in financial terms,

the one with the higher debt exposition. The principle includes also reasonable evaluation and adequate explanation of the criteria adopted in the business plan.

### 1.3 Structure of a Business Plan: essential sections

This paragraph aims at providing a brief theoretical description for each fundamental section of a plan; moreover, all the features listed will serve as a guideline for the development of the practical business plan that would be the core topic of this dissertation.

Figure 1: Sections of a Business Plan





### *1.3.1 Executive Summary*

The executive summary is the overview of the entire business plan and should succinctly highlight the most important parts of the plan. Anyway, an executive summary is not to be intended only as a general outline. It should be designed in order to capture the reader's attention. At this purpose it can be functional to use visual tools such as graphs and images to give an intuitive interpretation.

Although it is recommended the executive summary to be engaging and comprehensive, it must still be short and easy to read, not exceeding the two pages. Being a sort of resuming section it is suggested to write it once the planning work is finished.

### *1.3.2 Project Description*

The writer should present, here, the product and the enterprise. It is fundamental to be clear in order to make the reader understand the business idea that will be developed in later sections of the plan. They need to be described in few lines all the core aspects of the business, the vision of the company, and its mission and values and the legal corporate status.

In practice, this section requires an introduction to the: (1) product or service, (2) sector, (3) market, (4) elements of the operational activities and (5) long-term objectives and resources.

### ***1.3.3 Market Analysis***

A market analysis is a quantitative and qualitative assessment of a market thus the passage devoted to it is crucial to evaluate which possible competitive strategy could enhance the strengths of a business. It is necessary to carefully analyse the market's opportunities and threats, for this reason it is often carried a SWOT analysis at this point of the plan. The attention of the writer should, furthermore, be paid on the demand, the market segmentation and product positioning.

Identifying the market conditions and in which stage of the product/service life cycle to collocate your business is also vital in order to give the reader the impression you studied all the aspect related to the entrepreneurial idea.

### ***1.3.4 Competitors Analysis***

Once analysed the market, it is important to determine its players with a particular focus on direct competitors. This is critical in order to understand the share of market which is already served and how large is the proportion still available.

In addition, the identified competitors should be inspected for finding points in common and differences (both in the product/service offered, and in the strategy adopted).

### *1.3.5 Marketing Strategy*

A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services<sup>2</sup>.

A thorough marketing strategy covers "the four Ps" of marketing: product, price, place, and promotion. When the plan is referred to a service it is often used the "seven Ps" framework which adds to the one mentioned above some elements such as: people, process and physical evidence.

In summary, in this section of the plan they are described all the features of the marketing mix of the product/service the entrepreneur wants to offer.

### *1.3.6 Operational Plan*

The operational plan lucidly defines all the activities necessary to reach goals and objectives; moreover, it arranges an explanation of the daily tasks required for successfully run the business.

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<sup>2</sup> Definition as given by Investopedia.com

This paragraph of the business plan helps in understanding how the action to be taken interact with the productive processes. When the plan aims at presenting the elaboration of a venture that produces tangible goods, they are also presented the technology and the eventual patents required.

It is advisable to also include a timeline of the implementation of the different stages of the business creation (or enlargement) that would give the reader the impression of be professional and accurate in planning the activities.

### *1.3.7 Company Management and Human Resources organisation*

The section shows which and how many individuals and professional figures will be involved in the project and the different levels of responsibility.

When drafting a plan, it has to be taken into account that investors often devote a special attention to the specific passage concerning the managerial group: a well-defined direction composed by professional figures is more likely to attract investments.

In addition to the management, they have to be presented the entrepreneur(s) (extremely important in the case of small business) and the personnel (necessary figures to be hired).

### 1.3.8 *Economic and Financial Plan*

The economic and financial plan forms an integral and essential part of the business plan. It consists in the exposition of quantitative data (monetary) regarding the hypothesis presented in the previous sections of the plan.

It provides a tool for both an *ex-ante* evaluation of the new initiative and an *ex-post* control of the results achieved. It is, additionally, a crucial paragraph when looking for funding.

Whatever the degree of deepening of the analysis, at its basis we find a forecast of the expected sales and three documents (strongly correlated between each other) which are critical to the plan:

- a provisional balance-sheet,
- a provisional income statement, and
- a provisional statement of cash flows.

It is always appreciated also the presence of an evaluation paragraph that shows - by means of a ratio analysis - the profitability and the risk level of the project.

## **2. CASE STUDY - ELABORATION OF A BUSINESS PLAN**

This section is an introduction to the core topic of this dissertation: the elaboration of a business plan for the enlargement of an already existent fitness and rehabilitation centre.

In this specific case, the main aim of the business plan is to provide the owners a tool to complete the request for a loan. The project that is going to be developed is quite ambitious. For this reason, planning - which includes analysis and evaluations - is indeed fundamental in order to get the necessary funds.

In any case, all the information needed to understand the business idea will be given in the actual plan that will follow this introductory paragraph. In the next chapters a complete business plan will be drafted. It would serve also as an academic case study in order to show the importance of business plans as strategic tools.

In the specific, in this chapter, I will focus on the elaboration of the executive summary and the project presentation.

## **2.1 Executive Summary**

MoWell is an innovative concept related to the fitness and rehabilitation industry in the Abruzzo Region nearby Pescara. All the services offered are the results of years of study and practical application of a number of functional training and motor education methodologies. In fact, the techniques adopted are completely innovative since they have been developed in the fitness centre by the owner in collaboration with highly qualified trainers.

The business idea was born from three entrepreneurs with the desire of expanding a family business which already counts a fitness club and a sport centre complete of different kind of football fields.

MoWell is a niche player in the fitness and wellness industry, focusing on value-added activities which are not widely available in Italy and in particular in the Abruzzo Region. The principal aim is to create new opportunities and raise people's awareness on the importance of correct exercise execution and making them understand that not only fast visible body results are important.

In addition, the entrepreneurial ecosystem seems to be favourable, with the region making available different incentives and the possibility to accede at European funding sources. The industry, even if saturated under a classical wellness perspective, offers different opportunities due to the increased interest for the

healthcare (in particular after the Coronavirus pandemic) and the relatively scarcity of centres offering functional training in comparison to classical clubs. In the geographical area, there are very few direct competitors leaving space for acquiring market share.

Promotion strategy proposes to exploit new media to both cut costs and see whether it is possible to leave behind traditional communication channels which are expensive and sometimes inefficient nowadays. However, also traditional channels will in part be used since MoWell target is various and not everyone in the targeted market may be familiar with online media.

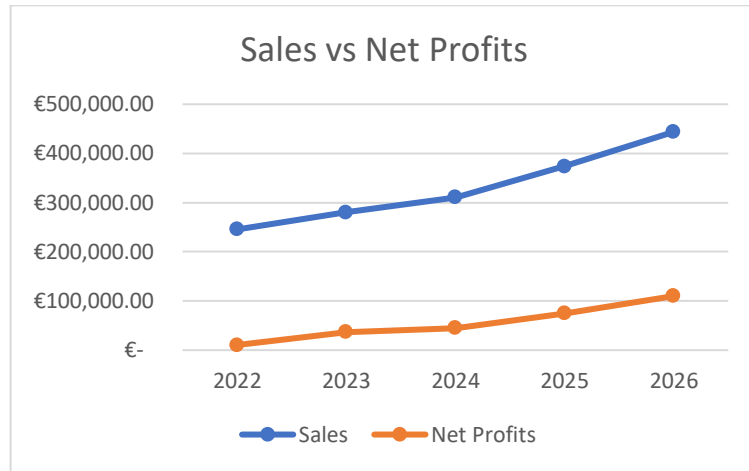
MoWell operations will be well designed using SOPs documents that are going to ensure the best service possible. In this way, all the employees will refer to a unique basis to carry everyday activities. Furthermore, the personnel selection will be carried evaluating both professional and psychological attitudes.

The project will be self-financed from the first year since the company has a loyal customer base and different assets available. Hence the initial required investment would not be very huge. It has been estimated a € 300,000 initial requirement that will be covered using a bank loan plus the shareholders will contribute to the company formation with € 50,000 in common stock.

Here, there is a brief financial summary concerning projected revenues and profits and their margins for five years.

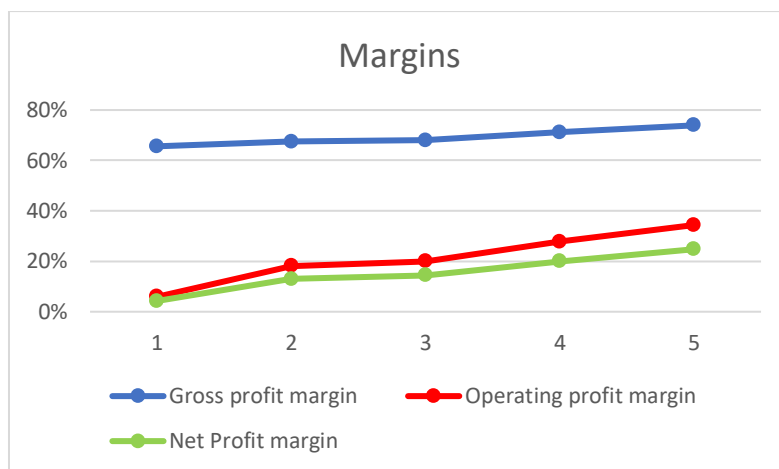


Figure 2: Forecasted Sales vs Net Profit



Gross profit margins for the five years period result to fluctuate around 65 and 75%, with operating margins steeply increasing from the 6% of the first year to the 34% on the last year of the forecast. Net profit margins will follow the same trend increasing yearly until arrive at a 25% value in year 5.

Figure 3: Forecasted Margins



## 2.2 Project Description

MoWell Centre is a unique concept with a strong focus on providing the user a full range of movement techniques capable to improve the athletic performance and reduce the occurrence of injuries.

To which concerns the fitness aspect the innovative feature characterising MoWell is that the training sessions are carried following a methodology designed by the owner and our most experienced trainers. It is based on a mix of different international recognised functional methods such as FMS, FCS, CFSC, EXOS, FIPE and SFMA<sup>3</sup> with enhancing both the performance and the body form as main goals.

Before starting training, all the subscribers will get tested according to an international movement testing system.

The rehabilitative sector has been conceived in furtherance of accompanying users in their journey to recovery. Moreover, since the aim of the company is to offer the

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<sup>3</sup> FMS=Functional Movement System; FCS= Fascial Counterstrain Training; CFSC= Certified Functional Strength Coach; EXOS= a human performance company; FIPE= Federpesistica Italiana; SFMA= Selective Functional Movement Assessment.

most complete service, they will be present at the facility also a physiotherapist and an osteopathist for providing consults and manipulative therapies when required.

The centre, founded in 2012, is located in Montesilvano (PE) in the Abruzzo region, already offers both the fitness and the rehabilitation services: the enlargement aims at creating larger and better equipped spaces to introduce new courses and to collaborate with professional figures (physiotherapists, osteopathists and nutritionists) that are not present at the moment. Currently, MoWell counts about 50 subscribers taking part to group lessons, 70 in the personal training/professional athletes' sector and a monthly average of 20 people enjoying rehabilitation services.

MoWell will operate not only in the fitness sector but also in that of the physical rehabilitation, so even if the Covid-19 pandemic has penalised the first sector mentioned, it does not represent a threat for the centre operations because of the cross-sectorial positioning.

It is possible to identify the reference market in that of functional and medical training. According to the results of the 2021 "Worldwide Survey of Fitness Trends" carried by the ACSM- *American College of Sports Medicine* the medical fitness market is in its phase of expansion. Furthermore, in the geographical area there are very few actors which could be seen as a great opportunity for considering the enlargement of the MoWell already existent facility.

MoWell, currently, represents the 25% of a family-run sports centre. It is managed following a “one-man company” model (legally it is considered as an inherited property administrated by a freelancer with a VAT- number). As regards the expansion of the business, the corporate structure will be modified in a “Srls company” between the current owner of MoWell and the owners of the other shares of the sports centre. In this way it will be possible to separate the physical and the legal personalities.

Relatively to the objectives, MoWell wants to become an excellence centre for the province of Pescara and the region Abruzzo in the medium-term. In the long-term the main goal would be of being recognised as a reference point for the geographical area of central Italy. This could be possible by hosting at the facility some international courses aimed at the formation and the qualification of functional fitness professionals.

### *2.2.1 Mission*

MoWell wants to mix healthcare and fitness performance paths, providing an “education to correct movement” (as the name suggests). Each client will be tested and interviewed in advance in order to make our experts understand their

needs and propose the right solution. In addition, subscribers will find in the facility all the necessary expertise and equipment for their fitness and recovery journeys.

### *2.2.2 Vision*

The vision of MoWell Centre is to diffuse the functional training methodology, and to highlight the concept of quality before quantity. Perhaps, making both athletes and trainers aiming at gradually improve the exercising performance without accelerating the learning processes. Thus, avoiding both the risk of injuries and the accomplishment of wrong movements that might potentially have dangerous consequences on the human body.

### *2.2.3 Values*

As the intention of MoWell owners is to grow as a company, it is fundamental to explicitly define the core values from which they want to develop their business:

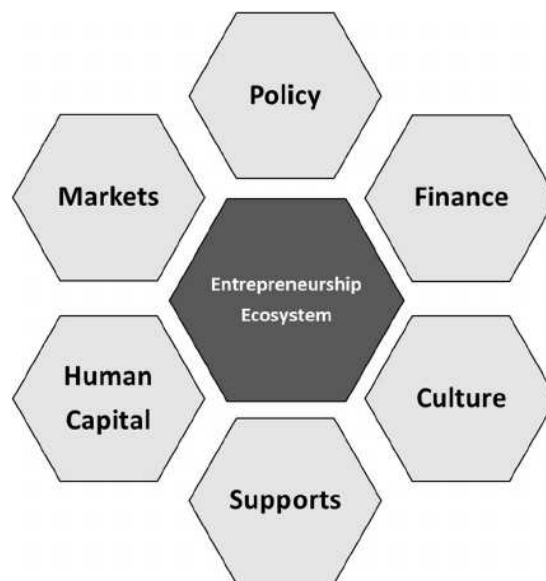
- Professional ethics
- Building a positive team
- Constant education of trainers and updating of the techniques used
- Teaching users the importance of fitness for their health

### 3. MARKET AND COMPETITOR ANALYSIS

#### 3.1 Ecosystem Analysis

The performance of new ventures is strongly impacted by something much larger than the business itself: the surrounding ecosystem. It includes a number of factors that affect local or regional entrepreneurship.

Figure 3: Entrepreneurial Ecosystem



Source: Isenberg (2011)

As regards the ecosystem in which MoWell will operate, it is fundamental to define that the facility is located in the Abruzzo Region which in the last years

has demonstrated to be a quite favourable ecosystem for the creation and the development of businesses in the field of ‘sport and health’.

In terms of culture, training has gained importance particularly after the pandemic and the lockdowns: the number of people practicing sports in the region has increased during the last year. There is a pretty large availability of human capital due to the fact that the local university offers different degree courses in sports sciences.

The reference market is in expansion and in the region the concept pursued by MoWell has been adopted by very few centres, so there is the opportunity for gaining a non-indifferent market share.

Relatively to the financing, there are many banks offering loan incentives for the SMEs and the region is comprised in the “Resto al Sud” project from the European Union which aims at incentivising the entrepreneurial activities in some Italian regions. The project made available 1billion 250million euros for initiatives and businesses ran by people aged 18-55.

Policies and support to sports and preventive activities deserve a particular attention, in fact the regional government in the last decade has spread a plan concerning the prevention of health diseases focusing on sports as an essential tool in matter. In the plan there are two fundamental insights: the promotion of the training activities through a network of local fitness centres and the alignment to national and international guidelines concerning preventive physical exercising.

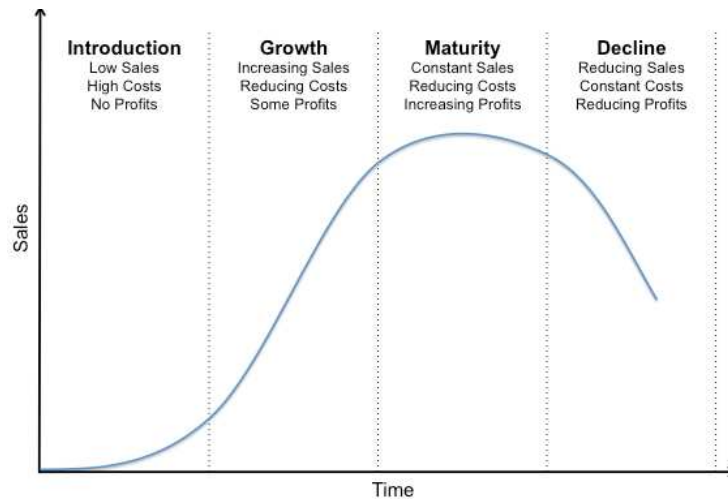
## 3.2 Sector Analysis

### 3.2.1 Service Life Cycle perception

The life cycle refers to how the service is differently perceived by the consumer in the course of time. Indeed, according to the service perception an enterprise should modify marketing choices.

All the services offered by MoWell are in the growth stage, in fact the functional training methodologies have been introduced in relatively recent times. Moreover, rehabilitation techniques adopted follow the latest studies and researches carried in the field.

Figure 4: Service Life Cycle



Source: European Commission



### *3.2.2 Qualitative analysis - Porter's Five Forces Framework*

The first force to consider is the threat of new entrants which, in this case, is not very high because there are a number of barriers to entry that would prevent the creation of many new clubs. For example, there are some legal requirements that could not be satisfied very easy. Moreover, customers often sign agreements for yearly gym memberships and can have penalties associated with cancelling their membership early; this makes customers less likely to switch to a new company.

Then, the second force is represented by the bargaining power of suppliers: in the fitness industry there are many manufacturers, so it is quite easy to switch from a supplier to another when considering basic equipment. Therefore, the power of supplier can be considered low in particular because suppliers are more dependent from fitness companies than the contrary, as the purchases of clubs are definitely higher than those of individual customers.

The third force is the bargaining power of buyers that is, overall, high due to the fact that there are is a variety of alternatives in the fitness industry. Many clubs offer very cheap subscriptions which are attractive even if the service offered is often a poor one.

The fourth force to consider is the threat of substitutes which is high (in the case of the fitness industry taken alone) but becomes quite low when considering medical fitness and rehabilitation (particularly in the selected geographical area).

The final force to be analysed is the rivalry among the existing competitors. The competition in the industry is quite high because there are a lot of participants in the fitness market. However, MoWell operates in the healthcare fitness market that counts very few clubs (especially in Abruzzo).

### *3.2.3 Quantitative analysis*

The sport and fitness industry, in Italy, counts annual revenues of 2.3 billion euros with more than 5.5 million people with a gym subscription. The Italian fitness sector is the fourth largest in Europe, representing the 8% of the continental market. Even though the Covid-19 pandemic has strongly impacted the sector, it remains an important part of the Italian economy.

According to the International Fitness Observatory survey (2020), the Italian fitness area is composed by a majority of small independent clubs (59%) with less than 500 members.

Figures 5-6: Clubs typologies and number of members (% composition)



Source: IFO (2020)

Furthermore, less than the 40% of the total number of fitness centres enjoys the presence of professional figures or partnerships with the healthcare world, which is for MoWell a great opportunity. In fact, it has emerged from the survey that a

linkage with prevention and rehabilitation is useful for the economic performance and the level of attendance of fitness clubs.

Unfortunately, gym facilities and fitness centres have experienced a reduction in profits - during the last year - due to the forced closures for the sanitary emergency. For the sector, they have been estimated monthly losses between the 5% and the 10% of the total revenues. Additionally, half of the fitness centres in the country has experienced an annual profit loss correspondent to more than the 70%. However, this has not held for those clubs that offered rehabilitative and preventive training since these practises have been considered essential for the health by the government. In this way, clubs such as MoWell have not been forced to stop all their activities but just a part, losing only on the traditional training sessions.

### **3.3 Market segmentation**

Market segmentation is the process of dividing the target market into specific groups. By targeting specific markets, you can promote your services more effectively rather than just targeting the “average” customer. Most of the fitness centres target just one segment of the market, but this strategy could be unsustainable in certain situation (as it has happened in the last year). MoWell intends to expand its community targeting different segments.

After having investigated the various segments and considered possible competitive

advantages, the final decision has been to target the following segments of the fitness industry:

- **Athletes** (already involved in sports and seeking for training assistance in order to improve movements and avoid injuries when practicing their main sport).
- **Health needs** (this group is composed by both people that wants to get healthier and people who need to train either for recovery or because there have been sent by doctors).
- **Performance** (the components of this segment are highly motivated and very fit or seeking to become so. They are constantly looking to achieve their personal best from a qualitative point of view, willing to perform exercises in the most correct way).

To sustain this choice, it has been performed a SWOT analysis which is a useful tool from both an internal and external perspective.

Table 1: SWOT Analysis

<p style="text-align: center;"><b>Strengths</b></p>	<p>MoWell strengths describe what the organisation excels at and what separates it from the competition.</p> <ul style="list-style-type: none"> <li>• The principal strength is the fact that MoWell is not simply a gym but a fitness centre that takes care of movement and human body health at 360°. The services offered are not only dedicated to training but also to rehabilitation, which is a competitive advantage because people interested in the quality of their practice and in avoiding bad consequences of injuries can find in a single facility all the sustain needed.</li> <li>• A loyal customer base has characterised the business since its creation: the service quality has demonstrated to be a very high quality one. In particular, professional athletes trust MoWell experts to the extent to ask for training session before matches and competition around Italy.</li> <li>• Customer service, that has been designed to be as closest as possible to the customers. Trainers and professional are always available for advices. Furthermore, the centre’s website will offer a dedicated chat to stay in contact.</li> <li>• Possibility to train outside.</li> </ul>
<p style="text-align: center;"><b>Weaknesses</b></p>	<p>Main weakness in comparison to our principal competitors:</p> <ul style="list-style-type: none"> <li>• Probably the main weakness is the fact that MoWell does not attract people who decide to make gym subscription in order to socialise and make friends both because functional training could cost an effort and because during session there is no time to talk to each other. Moreover, each activity is followed by a trainer (there is not the so-called fitness room in which is possible to train alone), and this is not always appreciated from shy people.</li> <li>• Small classes users are loyal but numerically lower than those that enjoy personal/performance training probably as a consequence of the motivation listed before.</li> </ul>

<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Increased interest for wellness and fitness after the lockdowns.</li> <li>• Possibility to collaborate with healthcare/sanitary specialists in order to improve the service offered.</li> <li>• Opportunity to organise international functional training courses in the facility to make it known at national level.</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• Widespread competition and recent opening of a chain of gym in the town.</li> <li>• Easily accessible home equipment.</li> <li>• Training-at-home and wellness apps have gained popularity thanks to partnerships with influencer and famous people.</li> </ul>

### 3.4 Target Market and Demand Analysis

The principal aim of this section is to conduct an analysis of the demand; anyway, in order to avoid unnecessary information, the data presented will focus on the population groups that are part of the segments identified in the previous section and could be targeted as potential clients.

After having considered all the services offered by MoWell and their costs, the choice on which social group to target has fell on people of both sexes between 15 and 65 years old in the medium-high income class.

The decision of including such a large age group is justified by the fact that the centre offers functional training courses dedicated to specific age ranges; since there are no courses regarding training in childhood age groups under 15 have been excluded from the target. Moreover, with regard to the rehabilitation area, the

entrepreneur and his staff believe that would be better for children and very older people to choose centres specialised either in paediatrics or geriatrics recovery. The income range is also important because some services offered could be quite expensive due to the fact that they are often personalised and even when working in groups the available seats for session are limited in order to provide the best service possible.

According to the data collected by the latest ISTAT survey<sup>4</sup>, in the region there are 1,311,580 inhabitants of which the 63.8% is part of the targeted segment. Most of the households of the population of our interest lives in the urban area, and in particular in the province of Pescara.

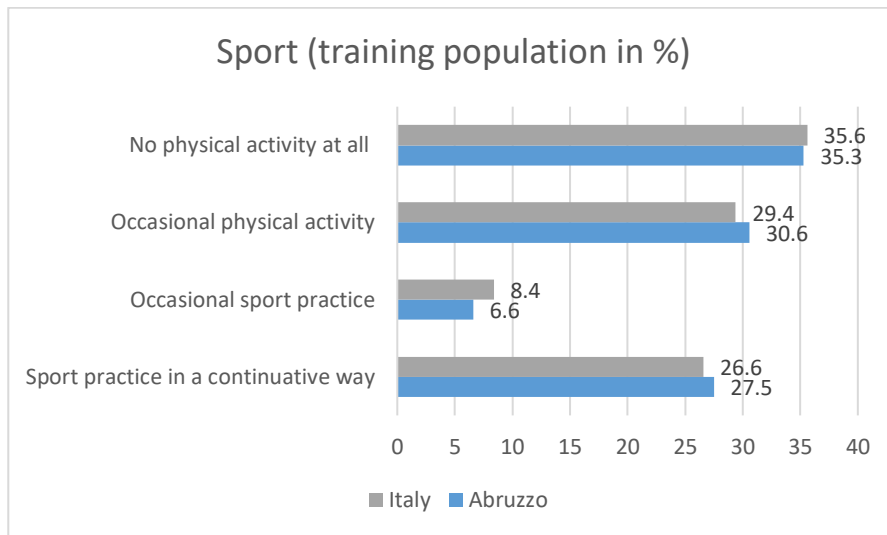
To which concerns the economic situation and income levels it is possible to say that poverty rates are lower than the national average while the occupational status is in line with national trends. The average income per-household is about € 27,888 and the Gini Index (measure of inequality) has been decreasing since 2015, constantly remaining under the national one. Moreover, in the figure below, they are represented data on sport and physical activities in the region. As it is possible to observe, data concerning sport practice are slightly higher than national averages.

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<sup>4</sup> Dati Statistici per il Territorio – Regione Abruzzo; Istituto Nazionale di Statistica.



Figure 7: Daily life analysis – Sport



Source: Istat (2019)

In addition, the 25.2% of those who make physical activity prefer to train in fitness centres.

It is reasonable to estimate for MoWell a market share that equals the 0.017% in five years in the regional fitness industry as a whole and the 2% in the functional training and rehabilitation niche.

### *3.4.1 Covid-19 Pandemic's consequences on demand*

This sub-paragraph is going to be devoted to the effects the sanitary emergency has had on people and how they changed their attitude towards fitness and physical activities.

Most of the pandemic impact, according to the Sport and Health annual report, fell on two generations: Millennials and Generation Z which are generally more interested to topic such as wellness and healthy lifestyles. Anyway, from the report it has emerged a general increased interest for training (also regarding other generations) and that after the closures many people renewed their gym subscription. This resulted to be particularly true among middle-high income groups (that is the level of income MoWell targets).

In summary, the lockdown has had virtuous effects on some population's segments.

The survey also showed that many people now prefer to train outside; this can be an exceptional opportunity for MoWell given the availability of a vast external area for training. Moreover, the trend can be directly confirmed by the centre subscribers: after the first lockdown of March-April 2020 the centre had many new subscribers among younger people interested in continuing and improving the training journey started during quarantine.

Of course, it is also true that the forced closures of the fitness areas have caused enormous losses for the industry and the same stood for MoWell. Fortunately, part of the centre could continue working activities being some of the services offered considered essential under a healthcare point of view.

### **3.5 Service Positioning**

In the previous sections it has been stressed the quality of MoWell services; consequently, subscription prices would be higher than those offered by fitness club chains, for example. As a result, MoWell will be positioned as a high quality-high price centre.

In the figure below, it is represented a positioning map explaining MoWell position with respect to other kind of clubs and gym in the fitness industry (they are considered the typologies present in the geographical area).

Figure 8: Positioning map



### 3.6 Direct competitors and their main features

Regarding the analysis of competitors, I investigated the market and the types of fitness centres that compose it. As a final result, they have been identified three direct competitors which are operating in the field of functional training, rehabilitation, and medical fitness: Moveo, More, and EgoLab.

Those competitors, moreover, are similar to MoWell in the target market, price levels and geographical area.

All the enterprises mentioned can be defined as *niche* ones; they have small/medium dimensions, but they are overall a going concern. The range of

available resources is pretty good, and they are specialised in a particular market segment.

### ***Moveo***

Moveo's philosophy is quite similar to the one of MoWell, focusing on a personalised training.SA

Their main strength (according to their website) is the BTS testing system which consists in a series of tests using some bioengineer sensors. They also have a postural gym program and are developing a performance improvement course.

Currently, Moveo's major activities are:

- Biomechanical analysis of the body and computerized functional evaluation
- Nutritional area
- Pool Area for post-exercise discharge
- Small class – BTS method
- Wellness (training with Technogym® equipment and postural gymnastic)

The centre has a modern and advanced facility located in the southern part of Pescara even though the business is new in the market and its operations are still in the development stage.

### ***More***

The centre is positioned as a sport medical one and is located in Roseto, province of Teramo (about 35km away from MoWell' s facility). It offers Personal Training Classes with the aim of reaching someone's objectives in the short-term. However, they are not specialised in functional and movement training. They offer a number of courses without focusing on a particular typology. More's main strength is the medical area which is equipped with a wide range of modern machinery and three exercising pools. Furthermore, they have a staff of doctors that include an orthopaedic, a cardiologist, an endocrinologist, and a sonographer. They also have a "performance lab" but it still in its development phase and constitutes a very small part of the centre services. Overall, it is the oldest venture among all those listed and except for the performance lab their services are stable.

### ***EgoLab***

EgoLab is a small fitness club in the southern area of Pescara, it is a quite new operator in the field. It is probably MoWell' s most similar competitor amongst those listed (in matter of training). They focus on resistance training and small groups, adopting a functional methodology and providing a functional assessment at the moment of the subscription. However, they lack rehabilitative and professional performance improvements services. Training sessions include also some principles of Yoga and Pilates and the utilisation of some machinery.

Moreover, they are the official host of the CFSC course in Abruzzo which is the centre's main competitive advantage.

All the enterprises mentioned can be defined as niche ones, they have small/medium dimensions, but they are overall a going concern. They have a good range of resources and are specialised in a particular market segment.

In the table below, they are summarised strengths and weaknesses for each of the identified fitness centres.

Table 2: Competitors' main strengths and weaknesses

Name	Strengths	Weaknesses
<b>Moveo</b>	<ul style="list-style-type: none"> <li>• Modern and large facility</li> <li>• BTS testing system</li> </ul>	<ul style="list-style-type: none"> <li>• No rehabilitation sector</li> </ul>
<b>More</b>	<ul style="list-style-type: none"> <li>• Medical Area</li> <li>• Exercising Pool</li> </ul>	<ul style="list-style-type: none"> <li>• Performance Lab</li> <li>• No focus on a training methodology</li> </ul>
<b>EgoLab</b>	<ul style="list-style-type: none"> <li>• Host of the CFSC courses</li> </ul>	<ul style="list-style-type: none"> <li>• No rehabilitation sector</li> </ul>

### **3.7 Competitors evaluation and differences with our business**

Above they have been mentioned competitors' main similarities with MoWell; in this section they will be provided also the main differences in order to evaluate them in comparison to MoWell.

More is the most established business of the group and has operated in the sector for many years. Anyway, the management's focus is strictly medical and rehabilitative: training and movement education occupy just a little part of the offerings. Their goals are different from those of MoWell and, furthermore, they are located in a quite distant area. They serve the hinterland of the province of Teramo which is not part of our geographical target in the short-term (except for professional athletes that, by the way, already attend MoWell performance sessions).

Moveo and EgoLab are both located in Pescara and are equidistant from our facility (about 14 km). The main difference between the two centres and MoWell is that neither of them works in the rehabilitative sector which is among our most popular and consolidated services. Moreover, also the target market is slightly different because the centres do not offer specific programmes for elderlies and/or pregnant women.



To conclude, it is now possible to state what MoWell offers that competitors do not: a strong professional performance programme, small classes dedicated also to specific categories and rehabilitative services not only from a medical point of view but also from an exercising (correction of wrong movements) one. Overall, it is meant to compete on a differentiation basis.

## **4. MARKETING STRATEGY**

### **4.1 Service Marketing Mix: 7Ps**

Since it is fundamental for the management of MoWell to have a well-defined marketing strategy, this chapter is going to be focused on a set of tactics that the company can use to promote and encourage potential customers to buy their service.

#### **4.1.1 Services**

The services offered by MoWell can be divided into three major segments: workout, rehabilitation and nutrition.

Workout:

Workout options for beginners and intermediates are two: small groups or personal training, during each session there will be a focus on strength, power conditioning and resistance. For this specific area our intention is to target mainly young people (Millennials and Generation Z).

Being the exercises proposed in classical group training sections not suitable for all the categories there is also the possibility of joining groups dedicated either to older women or men and young athletes.

In the case of advanced or professional athletes practice sessions are designed in order to give the best preparation depending on the sport practiced. Once again, the service is available for both single users and teams. Workouts are carried both indoor and outdoor and on a sand field to promote powerfulness and strength on a 360° basis.

Moreover, MoWell is the only centre in the area that offers different kind of pregnancy and post-delivery training programmes based on GGS and ATS<sup>5</sup> methods.

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<sup>5</sup> GGS = Girls Gone Strong; ATS = Advanced Training System

### Rehabilitation and Healthcare:

They will available both a physiotherapist and an osteopathist for consults, manipulative and specific therapies (such as Kinesio Taping) aimed at treating pain and inflammatory states. These specialists will help clients in the first phase of the recovery, preparing them for the motor rehabilitation that will follow in the process. All the motor rehabilitation sessions will be individual and studied depending on the problematic to fix: the process will be followed by qualified trainers proposing a range of corrective exercises.

They will be included in the healthcare services also training sessions dedicated to health diseases like obesity and gymnastic for people with disabilities. Of course, each session will be highly personalised: studied and planned in accordance with the customers' problematics and needs.

The latest service studied by MoWell experts, that has been tested during the last year, is a heart surgery post-op motor re-education. Results on patients have been incredibly positive. Of course, this service is the most delicate among all it would require a high expertise (only senior specialists will follow this service) and a continuous medical support.

Nutrition:

The nutrition department is the latest idea of MoWell' s management that wants to promote wellness and a healthy lifestyle from every aspect.

The sector is dedicated to all the subscribers with the aim of satisfying different needs: from weight loss to muscle building.

They will be pleased the needs of all type of clients, accompanying rehabilitative paths or just as an additional tool for enhancing training performances.

The complete service offering is resumed in the table below.

Table 3: Service resuming table

<b>Activity</b>	<b>Description</b>
<b>Small class</b>	<ul style="list-style-type: none"><li>• Functional training based on movement enhancement</li><li>• Courses divided according to age range</li></ul>
<b>Personal Training</b>	<ul style="list-style-type: none"><li>• Functional training methodologies, personalised journey according to individual's needs</li><li>• Pregnancy/Post-delivery programmes</li></ul>
<b>Athlete Training</b> (single users and teams)	<ul style="list-style-type: none"><li>• Performance improvement</li><li>• Injury avoidance</li><li>• Indoor, outdoor and on sand</li></ul>
<b>Medical Rehabilitation</b>	<ul style="list-style-type: none"><li>• Physiotherapy</li><li>• Osteopathy</li></ul>

<b>Motor Rehabilitation</b>	<ul style="list-style-type: none"> <li>• Personalised after injury and/or pathologic problematic training</li> <li>• Heart surgery post-op recovery</li> </ul>
<b>Medical Training</b>	<ul style="list-style-type: none"> <li>• Obesity treatment</li> <li>• Gymnastic for disabilities</li> </ul>
<b>Nutrition</b>	<ul style="list-style-type: none"> <li>• Weight loss</li> <li>• Muscle building</li> <li>• Training accompaniment</li> </ul>

#### 4.1.2 Price

In order to find the right price for the services it has been opted for a mix of value-based pricing and a market- oriented pricing (copy market).

Generally, prices in the functional training industry are slightly higher than those normally applied by fitness clubs. This is due to the high expertise and professionalism required and the time dedicated to the user. Under the training aspect, in fact, MoWell prices are quite similar to the market's average (small groups activities). All the other services' prices, as previously mentioned, will be priced according to the perceived value by the customers. Since MoWell has already a good reputation and a certain brand awareness in the neighborhoods, prices for personal training and rehabilitation are slightly higher than the average. It is necessary to add, anyway, that prices are sat also in proportion to the Trainer

qualification and experience.

Of course, there are many cheap alternatives that could make MoWell prices unattractive; however, it should be reminded that the target market is composed by segments that are not particularly price sensitive.

With this pricing strategy and a moderate mark-up, it is possible at the meantime to stay in line with the market prices and to gain a good margin, thus being profitable.

Currently, the centre only gives the possibility of signing monthly subscriptions (group training) and to pay for single session (all the other available services). However, with the expansion they are planned to be introduced also quarterly subscriptions and bundles of four sessions for single users training and rehabilitation.

In the table it is reported a price list regarding macro areas, in Appendix A it will be reported a complete and more detailed one.

Table 4: Price list

Activity	Price
<b>Small classes</b>	<ul style="list-style-type: none"> <li>• Monthly subscription: € 50</li> <li>• Quarterly subscription: € 120</li> </ul>
<b>Personal Training</b>	€ 30 per hour
<b>Athlete Training</b> (single users and teams)	Price to be arranged according to the needs and the number of weekly sessions required.
<b>Medical Rehabilitation</b>	<ul style="list-style-type: none"> <li>• Physiotherapy: € 30 - 60</li> <li>• Osteopathy: € 35 - 50</li> </ul>
<b>Motor Rehabilitation/ Medical Training</b>	<ul style="list-style-type: none"> <li>• 1 session: € 35</li> <li>• 5 sessions: € 150</li> <li>• Post heart surgery recovery: € 40</li> </ul>
<b>Nutrition</b>	<ul style="list-style-type: none"> <li>• First visit = € 80 (MoWell subscribers only) - € 100 (externals)</li> <li>• Check visits = € 25 (MoWell subscribers only) - € 30 (externals)</li> </ul>

#### 4.1.3 Promotion

In our case, promotion and advertising is fundamental, the new facility and the additional services need to be promoted in order to gain visibility. First of all, we need to understand where to promote our product. Our potential buyers are comprised in a vast age range, so we refer to both a young and an older target. The message we want to convey concerns the quality and the benefits of the

methodologies. Taking into account the diversity of the target it is necessary to use different communication and promotion methods thus not only focusing on new media but creating a mix of online and offline channels. However, our promotion strategy will avoid traditional and expensive promotion instruments (that at a regional level are often inefficient).

Under a promotional perspective the new pre/post-partum area and the small classes are those services on which MoWell will dedicate most of the effort, mainly because the rehabilitative and personal training services are already consolidated and strong.

#### Word of mouth:

MoWell most important promotion channel has always been the word of mouth. Many satisfied clients have recommended the centre enough to increase the customer base. Moreover, also at a professional athlete's level MoWell has gained a certain popularity both at a regional and at a national level. Feedbacks are very important in this particular field because people need to be reassured about the professionalism of who is taking care of their health. In addition, this would be the principal promotion strategy in order to capture new subscribers among the older categories that usually do not use social media.

#### Offline channels:

In addition to the word of mouth they will also be printed flyers and posters to



visually promote the centre around the province. Anyway, these communicative tools will not be a continuative strategy, but they are going to be used only for the first times of the expansion.

Being important to start the promotion campaign in advance, MoWell will be present with stands in sports events and fairs (if allowed by the sanitary emergency).

#### Website:

Currently, MoWell does not have a complete website, it only permits to book for courses. However, a full version is programmed to be launched soon. The website will be simple to navigate and informative about club location, hours and facilities. Of course, it would be present the booking section that is fundamental in order to guarantee a maximum of 6/8 people per course (depending on the class). In addition, a direct chat with trainers and the direction will function as a communication tool to provide the best customer service possible.

It has been chosen not to develop an “app” for bookings because it would have been very expensive to develop it for all the smartphone’s operating systems. Yet, it will be possible to directly access the reservation link by saving it on the phone’s home page (more details about website costs will be provided in the financial plan). For older people who are not friendly with electronic devices there is the possibility to book courses in advance directly at the facility.

It will also be updated the already existent Google My Business (GMB) page so that it will be possible to appear in local searches and people can find address, hours and phone number easily. Additionally, potential clients can see the facility in images and existing or past users can review the business.

In this way it may be possible to also exploit Local SEO, which is one of the most cost-effective forms of fitness marketing as it's free and can have huge returns on investment if you're ranking highly for local searches.

### Social Media

They are going to be reinforced the already present social media campaigns. MoWell already has both a Facebook and an Instagram pages, they will be opened also a YouTube channel and a TikTok profile to attract customers also using video contents.

Instagram is a key instrument since it nowadays used by both young people and adults, moreover it allows to make cheap advertising through stories and posts. Through Instagram it is possible to also organise giveaways that incredibly increase the page popularity as it has been demonstrated by past initiatives. Indeed, the "New Year's Giveaway" (awarding a monthly subscription) expanded the customer base reaching people from near towns that started attending group classes and then

renewed the subscription taking with them also friends. Giveaways are going to be planned twice a year plus an initial one for the new facility inauguration.

Facebook Custom Audience will also be targeted as a communicative tool. Although the social has lost popularity it is still vastly used in particular by people aged 35-45.

YouTube permits to create video contents that will be used not only to promote the fitness department but also the rehabilitation one. MoWell coaches and professionals will be interviewed while explaining the methodologies adopted (both practically and theoretically). Small exercising circuits will be also posted in order to entice people trying a different kind of gymnastic.

Finally, TikTok is going to be the means used to attract younger users, with short videos showing daily activities and the familiar climate created during sessions. In fact, investigating the social we noted that contents regarding sports and healthcare enjoy a pretty high engagement rate and that there are many athletes among the users.

Figure 9: An Instagram post.



Credits: Alberto Erasmi & Fabio Di Giandomenico (ph)

#### 4.1.4 Place

For services, place refers to the ease of access that customers have to a service.

MoWell is located in a peripheric neighbourhood of the town of Montesilvano that is strategically positioned at 2.5 km from the motorway that connects the province's towns and at 5.6 km from the highway exit. With this

position the fitness centre is easily reachable from other towns and there are no problems correlated to ZTL and one-way zones present downtown. The facility also offers a wide free park area, a cafeteria run by the centre's owners and a restaurant (managed by externals offering convenient prices to the gym subscribers).

#### *4.1.5 People*

By people, they are meant those who are directly or indirectly involved in the delivery of the services. People are a very important factor in this case because services tend to be produced and consumed at the same time. Because of this, the behavior of these people is very important in determining the experience of the customer.

In fact, MoWell has a particular focus on people. All the members of the staff need to satisfy a wide range of academic and human requirements.

First of all, all the trainers need to have at least a bachelor's degree in Sport Sciences (a master's degree is preferred in any case) with a brilliant academic path to guarantee a professional service. Additionally, they should demonstrate empathy and communicative ability in order to make the customer feel comfortable.

Before start working all the employees should attend at least a basic functional training and movement course. Consequently, in the first period of working they will be guided by expert trainers in all their activities.

Of course, a strict selection is going to be made in order to select sanitary professionals that will have their offices in the facility.

According to MoWell philosophy, also customers are a fundamental component of *people*. This importance will be demonstrated by adjusting customer experience to meet the needs of individuals.

This tailoring of customer experience will tend to make the customer more satisfied and perhaps making them more likely to become loyal clients. Furthermore, they are more likely to tell their friends and colleagues about their great experience (word-of-mouth).

As mentioned in previous chapter, all the customers are tested following a movement evaluation model to which concerns the practical part. Then, they are interviewed about their goals and timing. In this way it would be possible to advice each client on how many (per week) and how intense (in terms of weightlifting) their training sessions should be. Of course, they are offered personal training sessions (which are actually very popular) to make the customer experience as personalised as possible.

Rehabilitation services are obviously tailored on patient's problematics.

#### *4.1.6 Process*

Process refers to the procedures, mechanisms, and flow of activities that occur when the customer and the business interact with each other.

The processes of MoWell include providing fitness and rehabilitation services, handling complaints, keep memberships updated and furnish clients with all the necessary material. Our main agenda is to provide quality services through well-designed processes that fit all the needs of the customers.

Since we offer a wide range of different services, a number of processes are triggered. It has extensively explained that training session will be anticipated by individual assessments. Anyway, it will also be required a preventive medical check (in particular for elderly) to be sure not compromising personal health. Both in the fitness and the rehabilitative cases customers will be continuously followed to be sure everything is going well.

Of course, keeping track of every customer problematics and need may be difficult; for this reason, each subscriber/patient is going to have a personal file in the computer archive. The file will constantly be updated.

All of these processes need to be tightly controlled to ensure consistent customer experience. They are defined in written Standard Operating Procedure

documents (SOPs) that will be made available to all the employees and the sanitary freelancer that are going to make consults at the facility. An example of a SOP is provided in Appendix B.

#### *4.1.7 Physical Evidence*

Despite services are intangible their delivery often involves tangible elements. Physical evidence is defined as both:

- The environment or place where the service is delivered.
- Any tangible elements that facilitate the service or provide information about the service.

Concerning the environment, we are planning to enlarge our structure constructing a modern 600 square meters building equipped with state-of-the-art functional training tools (racks, air-bikes, dumbbells, fit-balls and elastics, etc.). They will be present also trainers' personal spaces to carry personal training activities and motor rehabilitation, and ambulatory offices equipped with the necessary tools (e.g., cot and Kinesio tapings for physiotherapy practices) for consults and visits.

Moreover, to convince members that the quality of the service is high, they will be displayed in the facility graduation diplomas and professional certifications.



Moreover, portfolios and presentations of the management and the employees will be uploaded on social channels.

MoWell's physical evidence includes also the company's website, the logo (which is extremely important in order to gain brand awareness), gadgets such as water bottles and towels, and water distributors to avoid plastic wastes. Furthermore, in the locker rooms they are available toiletries (shower gel, shampoo and conditioner), hairdryers and hair straighteners.

Among physical evidence they are also included customers and patients reviews and feedbacks.

Figure 10: MoWell's Logo



Credits: Elisabetta Valloreo

## **4.2 Lead Generation Strategy**

All the elements of the marketing mix presented in the previous paragraph define MoWell' s lead generation strategy. In addition, here there are some points that are better specify some aspects of both online and offline promotion.

The website, the use of SEO and the Google My Business page will be the main tool to promote the centre to who has never listened about it. People often head to Google to ask questions, for instance a keyword research will be included as to appear among the first results when searching words such as rehabilitation, functional training, movement, and performance. However, the choice of the keywords will be sustained by the use a computer tool which will permit to find words that respond to the most asked questions concerning our niche.

We thought that creating quizzes and surveys on social pages and the website will help in generating lead: people really like to interact with businesses. In addition, quizzes attract the attention and will keep the visitor on the page for more than a rapid look.

Locally, MoWell is meant to bet on referral marketing. Valuing the opinions of people is crucial: we want to continuously improve our services in order understand clients and their necessities. When you provide a great service to your customers, they will more likely tell their friends; so, the extra effort you made in

order to adjust your offering will be re-paid. Benefits such as customer retainment and a wide client base will be provided for several times over.

The critical factors required for MoWell success in summary are:

1. **Brand recognition:** It is the very first step in the marketing funnel, and a crucial foundation to eventually acquire market share and attain sustainable growth. Awareness often influence the perception people have of something; it is fundamental to set *how* people think about MoWell.
2. **Customer retention:** retaining already existent clients is critical in - order to have a strong base and to exploit word-of-mouth possibilities. As well, retaining new clients is essential to achieve projected sales and to recover the investment.
3. **Superior quality:** MoWell will not compete on cost. To tell the truth it could be considered a pretty expensive fitness club, for instance it is crucial to offer a very high-quality service.

## **5. OPERATIONAL PLAN AND HUMAN RESOURCES**

### **ORGANISATION**

This chapter will explain how goals and objectives previously illustrated will be met. However, in order to execute on MoWell' s business model, the company needs to perform several functions. Hence, they have been identified different operations stages that are fundamental in order to draft all the other activities. Firstly, the plant will need to be enlarged, new machinery acquired and finally, it would be necessary to hire personnel and identifying the healthcare professional that will be part of the medical staff.

#### **5.1 Operations details**

This section lays out the details of MoWell' s operations.

##### General:

MoWell will carry out its day-to-day operations primarily on reservation and appointment basis, scheduling all classes and sessions in advance. The centre will be open Monday to Friday from 7:00 am to 9.0 pm and on Saturday mornings from 8:00 am to 11.30 am.

##### Plant enlargement:

The existing facility measures about 200 squares meters: of which 150 dedicated to training and rehabilitation (120 main room plus two smaller rooms).

The other spaces are composed by two dressing rooms, the reception and a hallway in which is possible to find water distributors and lockers.

The new plant will surge directly in front of the existing one in a piece of land already owned by the family running the business. It will consist of a 600 square meters structure completely equipped. There, they will be located the new main room plus a couple of smaller areas and the reception/administrative office.

In this way, the older building might be completely dedicated to the rehabilitation: one of the offices and part of the main local will be converted into ambulatories for physiotherapy, osteopathy and nutritional visits whereas the other part of the main room will be equipped for motor re-education. It will be obtained a small reception at the entrance that will be moved from its current position. The current entrance and reception/administrative offices together with part of the hallway will be used to enlarge dressing rooms.

They will be attached in Appendix C both the current map of the facility and a draft of the enlarged centre's one.

#### Equipment:

The centre is already furnished of a complete functional training equipment branded Perform Better (a German company specialised in functional training

furniture). Of course, more gears and tools will be needed.

After an analysis of the spaces, the already available equipment and a consult with the equipment supplier it has been conveyed to purchase what follows:

- 5 Racks (iron structures complete of weight storage units and bars and grips for exercising)
- 2 Dumbbell set 5-50 (ten pairs of dumbbells weighting between 2 and 22.5 kg)
- 2 Dumbbell set 55-75 (25 – 34 kg)
- 2 Dumbbell set 80-100 (35.5 – 45.5 kg)
- 13 Kettlebells (different weights)
- 3 Air bikes
- 1 synthetic grass carpet (50 square meters)
- 5 Fit-balls
- 2 medicine balls set
- 2 examination couches
- All the necessary items for sanitary consults

Of course, during time the equipment will be furtherly implemented in order to face the demand. However, since we are considering very high quality and expensive products the initial investment will be moderate (in units' terms).

Assets:

The company has already a number of assets such as the land on which the facility is located, the already existent building, a number of soccer fields and a

small sand arena. Part of the equipment is already available (even it should be doubled) and a complete range of furniture (showers, lockers and all the dressing room requirements, water distributors, computers, chairs and tables) is already owned.

Special requirements:

Since the business is already existent, there are no particular legal requirements to be satisfied, they only serve the permission to build on the land (that would be easily obtained) and the site inspection by the company in charge of the construction. Once the construction will be ended it would be necessary only to connect to water and energy services.

Feasibility:

Functional training and rehabilitation services have demonstrated to be a profitable business as people interest for wellness and healthcare has increased through the years. Nowadays, the business operations are going well, and the revenues are satisfying. Subsequently, the expansion is likely to be not only feasible but also profitable.

## **5.2 Operational Timeline**

It is fundamental not only planning which activity to undertake but also to define their timing. MoWell will follow a service execution model to expand in the health club market that will be attached in Appendix D (for clarity and space reasons).

We planned to satisfy legal requirements and the company set up by December 2021 in order to start building the new plant in January 2022. Between February and March all the necessary equipment will be purchased and in April all the activity SOPs reviewed and developed (in case of new services). After having done so, in May, it will start the staff recruitment phase (major details will be provided in the Human Resources organisation paragrapher) in order to start the formation process. Meanwhile, it will start the website development. In June, after ended the webpage creation they are going to be launched the promotion and advertising campaigns.

Since the new plant will be composed by a prefabricated infrastructure, building times would be pretty fast. If everything goes well MoWell new department will be terminated in August 2022.

Moreover, during the month of July they will start moving processes and in August the facility will remain closed in order to modify the old structure in time for the



finalisation of the new one (during this period rehabilitation session to existing customers will be provided at home and training session carried online and/or outdoor).

Finally, in September 2022 MoWell renewed centre will be inaugurated and opened to customers.

Just in time for the end of summer holidays: the period in which most of the people re-start training or starts looking for a new fitness club.

### **5.3 Corporate Legal Definition**

MoWell juridical form will be that of an SRLS so a limited liability company. The main advantage of this kind of company is the limited liability, it is only the company, and not the members, to answer for social obligation, this means that the company has perfect patrimonial autonomy. The centre owners opted for an SRL instead of a classical SRLS even if the former implies higher set up costs because the enlargement will require a huge investment and thus a high share capital. Other advantages of this kind of legal status are the corporate chart flexibility (in partners' rights and duties) and the possibility to be composed not only by physical persons. Anyway, this last feature would not be particularly relevant in our case, since the society members intentions are to maintain the business into the familiar control. More information about SRL requirements and establishment costs will be provided in the table below.

Table 5: SRLS corporate details – Source: Italpress

<b>SRLS</b>	<b>Legal and economic features</b>
<b>Common Stock</b>	No maximum amount.
<b>Min. Common Stock</b>	€ 10000
<b>Corporate Statute</b>	Flexible.  It is possible to change or personalise articles of the corporate charts.
<b>Partners</b>	Physical and juridical persons
<b>Set-up Costs (excluding common stock)</b>	<ul style="list-style-type: none"> <li>• €130 - €150 for Chamber of Commerce fees.</li> <li>• € 200 for registration purposes</li> <li>• € 1,500 Notary fees</li> <li>• €155 Stamp + Secretary duties</li> <li>• Government Tax: € 309.87</li> <li>• INPS: €3,188 (each partner)</li> <li>• Financial Statement filling: € 200</li> <li>• Average Final cost: 15,787.87</li> </ul>

## **5.4 Owners and Management**

MoWell is currently part of a sport centre run by a freelancer who transitionally collaborates with his family members to the administration of the total property (due to heritage reasons).

With the aim of expanding the family business the three individuals involved decided to create the company. We are talking of a small enterprise, so entrepreneurial figures are extremely important.

Internally to the company there will be three separated managerial roles (each covered by a partner): one person will take care of the fitness and rehabilitation area, another one of the sport centres (soccer fields) and the third one will be in charge of the medical area

Alessandro Zanardo who is the one that actually administrates the fitness club is going to be head of the wellness and rehabilitation sector. He is 36 years old and has been working in the industry for many years (right after high school diploma). His brilliant academic path boasts of a bachelor's degree in Sports Sciences and a master's degree in Science and Techniques of Preventive and Adapted Physical Activities (cum laude) at the D'Annunzio University of Chieti-Pescara, plus a number national and international certifications and licences in the fields of rehabilitation and functional training. He has opened the fitness club alone,

adjusting an old building in his family property demonstrating both managerial and leadership skills.

Cristina Zanardo aged 27 is a Medical Doctor recently graduated with the maximum grades at the University of Chieti-Pescara. She has always collaborated at the family business administration and has recently applied for a specialisation in Sport Medicine. Of course, she will be in charge of the sanitary area coordinating the activities of the physiotherapist, the osteopathist and the nutritionist. Moreover, she will collaborate with the employees that will take care of motor re-education and rehabilitation to guarantee a safe and complete recovery journey to every customer.

Patrizia Bergamini, 56, has founded in the year 2000 the sport centre in which MoWell is located. She has attended a high school specialised in accounting and has always be responsible of the cash register and bookings of the soccer fields. Having worked 21 years in the sport sector she is the right figure to run the administration of the playgrounds and their care. Furthermore, she will be responsible of the cafeteria and the fields' bookings and payments.

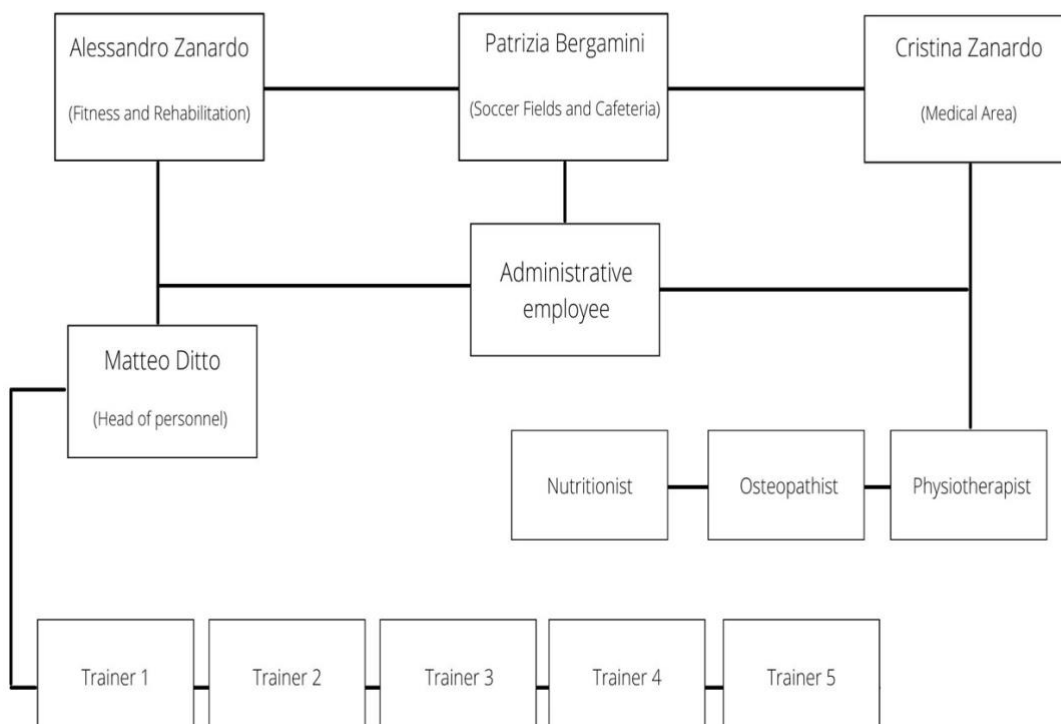
To which concerns the management and the related choices, each component will be responsible for his/her department. Of course, advices and

collaboration will always be welcomed, and the decisional processes will take into account all the partners' opinions. However, final choices will be taken by the involved sector's responsible. The choice of collaborators with a certain degree of responsibility should be approved by the three partners. As in the case of the head of fitness personnel who has been unanimously elected (that will help in coordinating activities and the human resources) among the employees in view of the enlargement.

Anyway, more information regarding personnel and human resources management will be provided in next paragraph.

## 5.5 Human Resources

Figure 11: Human Resources map



Human Resources will directly depend on the owners, since each department will be completely entrusted to one of the corporation components also the personnel selection and formation will be under the responsibility of the partner in charge of the department in question.

### *Training and motor rehabilitation*

MoWell performance and rehabilitation sector already counts 4 specialised trainers, all graduated in Sport Sciences and continuing their academic formation attending different master's degree courses. All the trainers have functional training and motor re-education certifications. Internally to the centre, they have different tasks but in case of necessity they are interchangeable. Among the four, one is in charge of small classes (younger age group), one is specialised in rehabilitation after surgeries and elderly training, and two usually take care of personal training sessions and motor re-education. The professional athletes' sector is mainly cured by the owner (Alessandro Zanardo). Since most of the club subscribers are interested in personal training, in view of the expansion it will be necessary to hire at least two resources that will help both with group and personal training sessions. As stated before, the personnel selection will start in May in order to start the formation process which requires time and effort: the methodologies developed in MoWell are a mix of different types of functional training, they only can be learned directly on the field. Moreover, new employees will be required to attend at least a couple of rehabilitation and functional training courses in order to always guarantee a service of a very high level.

Currently, the head of personnel is working at the centre as a freelancer with a VAT number while the remaining three are working part-time. With the expansion, three out of four will be hired full-time while the remaining one will stay at a part-time

regime for familiar reasons.

The two new resources will initially experience a six-month period of stage (using the “Garanzia Giovani” incentive) and then will be hired part-time.

All the candidates will be evaluated according to some qualification criteria and, after a first selection, interviews are going to be taken by the head of personnel since the owner is often travelling around Italy to follow professional athletes.

Wage and salaries will depend on the academic qualifications, past experience and (for those who already work for MoWell) on seniority (length of service).

#### *Medical Area*

The healthcare personnel will be selected by Doc. Cristina Zanardo which is looking for three professional figures that not only have a sanitary qualification but who also have a specialisation in sport matters. In this way, it would be possible to find professional figures that are extremely in line with MoWell philosophy and needs.

To which regards the arrangements for hiring purposes, healthcare specialists will be invited to collaborate with MoWell as freelancer with a VAT number available at the facility three times per week paying only a percentage (to be agreed at the hiring moment) to the centre.

#### *Sport Centre*



Soccer fields do not require special human efforts, for this reasons Patrizia Bergamini could be also responsible of the cafeteria remaining able to run the sector without hiring additional personnel. They will be contracted occasionally a couple of gardeners for the fields' manutention.

Social networks and promotion will be followed by an employee (full-time) which will also take care of the administration and the reception, this figure will be appointed by the three entrepreneurs shared choice.

## **6. ECONOMIC AND FINANCIAL PLAN**

### **6.1 Historical Accounts Evaluation**

MoWell is currently run by an individual with a VAT number and constitutes the 25% of the total sports centre. Since the owner is an individual person and not a corporation it was not compulsory to prepare financial statements according to the models provided by the Italian law. Until today Alessandro Zanardo has always presented an account as a freelancer and a consolidated one with all the revenues and expenses related to the sport centre (legally referred to a transitional account as property hereditarians).

Anyway, they are available data on different financial aspects that can be useful for an evaluation of the venture profitability.

I will report specifics for two years (2019 and 2020), from which it is possible to see a decline in sales due to the closure of the fitness sector for the sanitary emergency. They are excluded statal aids and incentives from data reported. A more detailed exhibit showing sales composition will be provided in Appendix E.

Table 6-7: Historical revenues and profits

<b>Year</b>	<b>Sales Revenues</b>
<b>2019</b>	€ 174,000
<b>2020</b>	€ 133,500

<b>Year</b>	<b>Net Profits</b>
<b>2019</b>	€ 40,225.48
<b>2020</b>	€ 14,793.21

As it is possible to observe, net profits are substantially lower than gross revenues due to operating expenses (utilities, wage and salaries, depreciation etc.) and tax payments. Furthermore, the evident difference in profits between the two years is due to the fact that fixed costs and the facility related ones remained practically the same since the club has been closed only for the total lockdown in March-April 2020. Besides, promotion costs have been higher in 2020 to capture new customers in order to cover losses.

This section aimed at showing relevant monetary values to give the reader an idea about the profitability of the enterprise: positive data are a good starting point for an enlargement. Additionally, it should be remembered that the specifics

reported are referred to a single individual gains and are separated from the profit derived by the sport centre as a whole.

## **6.2 Sales Forecast**

Sales forecasts have been based on MoWell previous years' sales (excluding 2020 because of the sales decline caused by the pandemic closures). Since the business is in activity from almost ten years and already established sales levels are resulted to be quite high. Moreover, an important investment will be dedicated to marketing and promotion activities.

For the fitness department it has been considered to achieve the same number of users of 2019 (142; currently there are 118 active subscribers), while for the medical part which is brand new sales level considered are definitely lower. To which concerns the sport fields they have been considered average levels of the last years (being outdoor activities they have experienced a lower decline in usage with respect to fitness club subscriptions).

Here, they are reported sales forecasts on annual basis:

Table 8-9: Sales Forecasts

<b>Sales Forecast (revenues on annual basis)</b>					
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<i>Fitness and Rehabilitation</i>					
<b>Small class (monthly)</b>	50,00 €	50,00 €	60,00 €	60,00 €	70,00 €
Number of users	30	35	45	55	70
Small class revenues (yearly)	18.000,00 €	21.000,00 €	32.400,00 €	39.600,00 €	58.800,00 €
<b>Small class (quarterly)</b>	120,00 €	120,00 €	150,00 €	150,00 €	180,00 €
Number of users	30	60	80	100	130
Small class revenues	14.400,00 €	28.800,00 €	48.000,00 €	60.000,00 €	93.600,00 €
<b>Personal training</b>	30,00 €	30,00 €	30,00 €	35,00 €	35,00 €
Number of users	40	45	47	47	50
Personal training revenues	57.600,00 €	64.800,00 €	67.680,00 €	78.960,00 €	84.000,00 €
<b>Athlete's performance</b>	40,00 €	40,00 €	40,00 €	40,00 €	40,00 €
Number of users	5	5	7	7	10
Athlete's performance revenues	19.200,00 €	19.200,00 €	26.880,00 €	26.880,00 €	38.400,00 €
<b>Motor re-education</b>	35,00 €	35,00 €	40,00 €	40,00 €	40,00 €
Number of users	20	20	20	25	25
Motor re-education revenues	33.600,00 €	33.600,00 €	38.400,00 €	48.000,00 €	48.000,00 €
<b>Medical training</b>	35,00 €	35,00 €	35,00 €	40,00 €	40,00 €
Number of users	10	15	15	20	25
Medical training revenues	33.600,00 €	50.400,00 €	50.400,00 €	76.800,00 €	96.000,00 €
<b>Heart surgery post-op</b>	40,00 €	45,00 €	45,00 €	45,00 €	45,00 €
Number of users	4	5	5	5	7
Heart surgery post-op revenues	7.680,00 €	10.800,00 €	10.800,00 €	10.800,00 €	15.120,00 €
<b>Pre/post-partum</b>	35,00 €	35,00 €	35,00 €	40,00 €	40,00 €
Number of users	3	5	7	10	15
Pre/post-partum revenues	5.040,00 €	8.400,00 €	11.760,00 €	19.200,00 €	28.800,00 €
<b>Total Fitness and Rehabilitation revenues</b>	<b>174.720,00 €</b>	<b>208.200,00 €</b>	<b>238.320,00 €</b>	<b>300.240,00 €</b>	<b>369.120,00 €</b>

<i>Medical Area</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Nutrition (first visit average)</b>	90,00 €	90,00 €	90,00 €	90,00 €	90,00 €
Number of patients	25	27	30	35	35
Nutrition revenues	2.250,00 €	2.430,00 €	2.700,00 €	3.150,00 €	3.150,00 €
<b>Nutrition (controls average - 3 times)</b>	27,50 €	27,50 €	27,50 €	27,50 €	27,50 €
Number of patients	25	27	30	35	35
Nutrition revenues	2.062,50 €	2.227,50 €	2.475,00 €	2.887,50 €	2.887,50 €
<b>Physiotherapy (average)</b>	45,00 €	45,00 €	45,00 €	45,00 €	45,00 €
Number of patients	48	60	72	84	96
Physiotherapy revenues	2.160,00 €	2.700,00 €	3.240,00 €	3.780,00 €	4.320,00 €
<b>Osteopathy (average)</b>	42,50 €	42,50 €	42,50 €	42,50 €	42,50 €
Number of patients	36	48	60	60	72
Osteopathy revenues	1.530,00 €	2.040,00 €	2.550,00 €	2.550,00 €	3.060,00 €
<b>Total Medical Area Revenues</b>	8.002,50 €	9.397,50 €	10.965,00 €	12.367,50 €	13.417,50 €
<b>Gained by MoWell (20%)</b>	1.600,50 €	1.879,50 €	2.193,00 €	2.473,50 €	2.683,50 €
<b>MoWell revenues on medical area</b>	1.600,50 €	1.879,50 €	2.193,00 €	2.473,50 €	2.683,50 €
<i>Sport Centre</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Soccer Fields rent (average)</b>	80,00 €	80,00 €	80,00 €	80,00 €	80,00 €
Unit Sales (yearly)	864	873	881	890	899
<b>Sport Centre revenues</b>	69.120,00 €	69.811,20 €	70.509,31 €	71.214,41 €	71.926,55 €
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Total MoWell Revenues</b>	245.440,50 €	279.890,70 €	311.022,31 €	373.927,91 €	443.730,05 €

For small classes they have been considered only monthly and quarterly subscriptions which are the most diffused. Personal training, motor re-education, heart surgery post-op recovery and pre/post-partum services have been evaluated considering only a session per week for each subscriber whereas athletes' performance and medical training considering an average of two sessions per week. Prices of services have been planned to be increased during the course of years because currently the prices offered from MoWell are below people's willingness to pay for these kinds of services and also slightly lower than those of competitors

in the province. Number of subscribers is also forecasted to increase with time, reaching 332 subscribers in the fifth year after the enlargement (that corresponds to the desired market share).

Revenues from medical area considered on total revenues are lower than their absolute value since the collaboration with healthcare professionals will be as freelancer paying a fee to the structure. In fact, in the total they are considered only the 20% (which is a provisional percentage) of the Medical Area revenues. In this way it would be possible to cut costs related to the hiring and maintenance of employees.

### **6.3 Economic plan and provisional Financial Statements**

The economic and financial plan of MoWell presented in this section is a forecast for the first five years of activity.

It is assumed an initial investment of € 300,000 of which € 250,000 devoted to the construction of the new plant. The price is not an approximation, but it has been requested a cost estimate to a construction enterprise. The remaining €50,000 will be used to acquire machinery and for the marketing strategy formulation and implementation. This investment will be covered by a bank loan with fix principal repayments and an interest rate equal to 5.6%. For the loan, I requested a consult

with a local bank director.

The shareholders of the company expect to invest on common stock an amount initially equal to € 50,000 that will be increased through the years. It is possible for the three owners to contribute with such a high stock because of other investments and activities they have.

Other expenses and assumptions on which statements have been constructed are the following:

- Cost of services sold is computed considering the direct cost of service, in this case the annual wage (excluding provisions and taxes) of trainers necessary to carry the activities plus those of disposable products related to the services.
- No rent payment required since MoWell facility is of shareholders' property.
- Set-up costs of € 15787,87.
- Insurance set by the loan agreement.
- Website expenses and maintenance are given by a cost estimation furnished by ICT company.
- Utilities and other costs are based on past ones.



- Plant total value is comprehensive on both the new and the existent plant (which is worth € 50,000).
- New equipment and machinery will be added every year and will be paid mostly at the purchasing moment (only a small part on debt).

The balance sheet has been developed according to a financial approach which is for existing businesses more indicated than the functional one. This scheme groups assets and liabilities according to liquidity status and duration. This kind of analysis is particularly suitable in the case of debt capital requests (to banks and suppliers).

Regarding the statement of cash flows it is possible to say that the examination of the financial Surplus/Deficit is important in order to assess the profitability of the initiative and the financial initial requirement to face the investment.

All the provisional financial statements are attached below.

Table 10: Income Statement

<i>Income Statement</i>	2022	2023	2024	2025	2026
Revenues	245.440,50 €	279.890,70 €	311.022,31 €	373.927,91 €	443.730,05 €
Cost of Services	- 84.402,00 €	- 90.918,00 €	- 99.372,00 €	- 107.694,00 €	- 115.734,00 €
<b>Value Added</b>	<b>161.038,50 €</b>	<b>188.972,70 €</b>	<b>211.650,31 €</b>	<b>266.233,91 €</b>	<b>327.996,05 €</b>
<b>Operating Expenses</b>					
Set-up Costs	- 15.787,87 €	- €	- €	- €	- €
Utilities and other costs	- 65.360,13 €	- 66.972,68 €	- 67.755,58 €	- 68.481,98 €	- 69.932,51 €
Website Expenses	- 2.763,90 €	- 63,90 €	- 63,90 €	- 63,90 €	- 63,90 €
Marketing Expenses	- 15.000,00 €	- 17.000,00 €	- 20.000,00 €	- 23.000,00 €	- 25.000,00 €
Wages & Salaries (Administratives)	- 15.600,00 €	- 15.600,00 €	- 15.600,00 €	- 15.600,00 €	- 15.600,00 €
TFR Provision and Payroll Taxes (and employee bonuses)	- 6.222,23 €	- 11.466,68 €	- 17.066,68 €	- 23.822,23 €	- 31.111,13 €
Insurance	- 4.000,00 €	- 4.000,00 €	- 4.000,00 €	- 4.000,00 €	- 4.000,00 €
Loan Interest Expenses	- 2.240,00 €	- 2.240,00 €	- 2.240,00 €	- 2.240,00 €	- 2.240,00 €
Depreciation (PP&E)	- 16.500,00 €	- 18.000,00 €	- 19.500,00 €	- 21.000,00 €	- 22.500,00 €
Adv. & Promotion Depreciation (20%)	- 3.000,00 €	- 3.000,00 €	- 3.400,00 €	- 4.000,00 €	- 5.000,00 €
<b>Total Operating Expenses</b>	<b>146.474,13 €</b>	<b>138.343,26 €</b>	<b>149.626,16 €</b>	<b>162.208,11 €</b>	<b>175.447,54 €</b>
<b>EBIT</b>	<b>14.564,37 €</b>	<b>50.629,44 €</b>	<b>62.024,15 €</b>	<b>104.025,80 €</b>	<b>152.548,51 €</b>
Income Tax Expenses	- 4.063,46 €	- 14.125,61 €	- 17.304,74 €	- 29.023,20 €	- 42.561,03 €
<b>Net Profits</b>	<b>10.500,91 €</b>	<b>36.503,83 €</b>	<b>44.719,41 €</b>	<b>75.002,60 €</b>	<b>109.987,48 €</b>

Table 11: Balance Sheet

<i>Balance Sheet</i>	2022	2023	2024	2025	2026
<b>Current Assets</b>					
Cash and cash equivalents	14.442,89 €	24.868,64 €	30.389,99 €	40.734,64 €	60.507,55 €
Accounts Receivables	2.798 €	4.394 €	5.816 €	10.635 €	21.094 €
Short-Term Investments (promotion)	15.000 €	15.000 €	17.000 €	20.000 €	25.000 €
<b>Non Current Assets</b>					
Plant	300.000 €	300.000 €	300.000 €	300.000 €	300.000 €
Equipment	50.000 €	60.000 €	70.000 €	80.000 €	90.000 €
Less: Accumulated Depreciation (equipment + adv)	- 19.500 €	- 40.500 €	- 43.900 €	- 68.900 €	- 96.400 €
<b>Total Assets</b>	<b>362.741 €</b>	<b>363.762 €</b>	<b>379.306 €</b>	<b>382.469 €</b>	<b>400.201 €</b>
<b>Current Liabilities</b>					
Accounts Payable	- €	4.518 €	5.842 €	10.507 €	2.971 €
Interest Payable	2.240 €	2.240 €	2.240 €	2.240 €	2.240 €
<b>Non Current Liabilities</b>					
Long-Term Debt	300.000 €	260.000 €	220.000 €	180.000 €	140.000 €
<b>Total Liabilities</b>	<b>302.240 €</b>	<b>266.758 €</b>	<b>228.082 €</b>	<b>192.747 €</b>	<b>145.211 €</b>
Common Stock	50.000 €	50.000 €	70.000 €	70.000 €	70.000 €
Retained Earnings	- €	10.501 €	36.504 €	44.719 €	75.003 €
Net Profit (losses)	10.501 €	36.504 €	44.719 €	75.003 €	109.987 €
<b>Total Equity</b>	<b>60.501 €</b>	<b>97.005 €</b>	<b>151.223 €</b>	<b>189.722 €</b>	<b>254.990 €</b>
<b>Total Equity and Liabilities</b>	<b>362.741 €</b>	<b>363.762 €</b>	<b>379.306 €</b>	<b>382.469 €</b>	<b>400.201 €</b>

Table 12: Statement of Cash Flows (Financial flows and construction)

<i>Statement of Cash Flows</i>					
<u>Financial Flows</u>	2022	2023	2024	2025	2026
Operating profit	14.564,37 €	50.629,44 €	62.024,15 €	104.025,80 €	152.548,51 €
Depreciation	19.500,00 €	21.000,00 €	22.900,00 €	25.000,00 €	27.500,00 €
Provisions	6.222,23 €	11.466,68 €	17.066,68 €	23.822,23 €	31.111,13 €
<b>Self-financing</b>	<b>40.286,60 €</b>	<b>83.096,12 €</b>	<b>101.990,83 €</b>	<b>152.848,03 €</b>	<b>211.159,64 €</b>
<b>Net working capital</b>	<b>30.000,91 €</b>	<b>37.504,74 €</b>	<b>45.123,24 €</b>	<b>58.622,01 €</b>	<b>101.390,08 €</b>
<b>Operating cashflows</b>	<b>70.287,51 €</b>	<b>120.600,86 €</b>	<b>147.114,07 €</b>	<b>211.470,04 €</b>	<b>312.549,72 €</b>
Net Investment	- 350.000,00 €	- 60.000,00 €	- 70.000,00 €	- 80.000,00 €	- 90.000,00 €
<b>Operating SURPLUS/DEFICIT</b>	<b>- 279.712,49 €</b>	<b>60.600,86 €</b>	<b>77.114,07 €</b>	<b>131.470,04 €</b>	<b>222.549,72 €</b>
<u>Financial Construction</u>					
<b>Operating SURPLUS/DEFICIT</b>	<b>- 279.712,49 €</b>	<b>60.600,86 €</b>	<b>77.114,07 €</b>	<b>131.470,04 €</b>	<b>222.549,72 €</b>
Capital	50.000,00 €	- €	20.000,00 €	- €	- €
Loans	300.000,00 €	- €	- €	- €	- €
<b>Financial balance</b>	<b>70.287,51 €</b>	<b>60.600,86 €</b>	<b>97.114,07 €</b>	<b>131.470,04 €</b>	<b>222.549,72 €</b>
Tax	- 4.063,46 €	- 14.125,61 €	- 17.304,74 €	- 29.023,20 €	- 42.561,03 €
Borrowing Costs	- 2.240,00 €	- 2.240,00 €	- 2.240,00 €	- 2.240,00 €	- 2.240,00 €
<b>Liquidity balance</b>	<b>63.984,05 €</b>	<b>44.235,24 €</b>	<b>77.569,33 €</b>	<b>100.206,85 €</b>	<b>177.748,68 €</b>

## 6.4 Evaluation and Profitability

By means of the information contained in the provisional financial statement it is possible to compute some synthetic indicators related to different aspects of the economic-financial management of the enterprise.

Such indicators present to main advantages:

- They allow for an easier reading and understanding of the financial statements, and
- to put in relation different economic and equity measures.

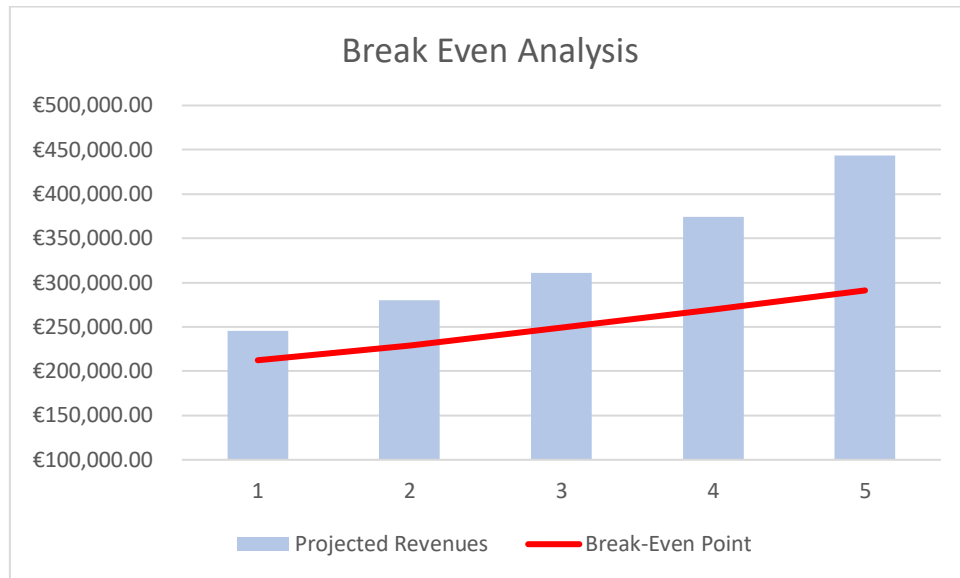
As it is possible to see from the table, the Returns are quite high, in particular the one related to the investment; this is due to the fact that the initial investment is quite limited since the business was already in activity. Hence, many assets were already available.

Table 13: Ratio Analysis

<i>Ratio Analysis</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Sales Variation		14,04	11,1	20,2	18,7
Value Added Variation		12,8	12,5	26,7	23,9
Operating Profit Variation		247,6	22,5	67,7	46,6
Net Profit Variation		247,6	22,5	67,7	46,6
Total Assets Variation		0,02	0,04	0,008	0,04
Net Capital and Debt Variation		0,02	0,04	0,008	0,04
Leverage	83%	73%	60%	50%	36%
ROE %	24%	52%	41%	55%	60%
ROI %	45%	56%	65%	76%	82%
ROS %	6%	18%	20%	28%	34%
Profit/Revenues %	4%	13%	14%	20%	25%
Breakeven Point	212.388,26 €	229.261,26 €	248.998,16 €	269.902,11 €	291.181,54 €

Furthermore, it has been carried a break-even analysis in order to find the break-even point, which shows how many sales it takes to pay for the cost of doing business. Graphical results are showed in table 14 while precise break even amounts in the ratio analysis above.

Figure 12: Breakeven Analysis



In summary, by observing the ratios analysed, it is possible to assess that the investment does not present any particular risk and that it could be profitable, according to the available estimates.

## 7. CONCLUSIONS

To conclude this dissertation, I think that is important to highlight some aspects of the business planning process and evaluate them according to the studies mentioned in the literature review.

To which concerns the case study per-se, it is worth to specify that the one presented is the most complete version on the business plan. It extensively explains and describes all the aspects of the project even though unessential information has been cut to avoid confusion (in accordance with the *principle of clarity*). This is exactly the general version devoted to the shareholders. However, to request the loan it will be elaborated a specific version of the plan focused on the financials and on the main aspects that could be of relevant interest for the banks. Of course, this would not mean that version to be incomplete, it will still fully respect the *principle of completeness* described in the devoted paragraph. At this purpose it is appropriate to highlight the fact that the whole plan has been developed taking into account the Business Plan's Principles identified by the Italian Chartered Accountants association.

In the first chapter, I mentioned the business plan as a going-concern and not a static document; after having spent some months working on the one presented in this paper, I can directly confirm the dynamism of this kind of planning process. Initially, MoWell' s project was slightly different, and it has not been completely straightforward to implement the optimal strategy. In fact, I evaluated different marketing mixes and financial strategies before arriving at the ones presented in the paper. Some of the considered strategies emerged to be too focused on a specific area whereas other too expensive in comparison to the expected returns.

Finally, this case study has been useful to further reinforce the concept of the business plan as a tool to study project feasibility. Without engaging in planning activities no one probably would have noticed about some fundamental business points that were left behind when firstly decided to enlarge the fitness centre. This, in turn, is strictly linked to the fact that planning is evidently not a “time detracting” activity: the time spent in implementing and evaluating the project has been fundamental in order to not to waste resources in the future.

Overall, all the assumptions presented in the literature review have been confirmed during the case study elaboration. In particular, business planning has demonstrated to be essential not only in the case of new ventures but also for expansions and when considering small enterprises.

For this reason, as it is suggested by scholars, more effort should be put on entrepreneurial education. In such a way, ideas can be better supported by the capacity of developing formal plans which bring credibility and improve the business creation process.



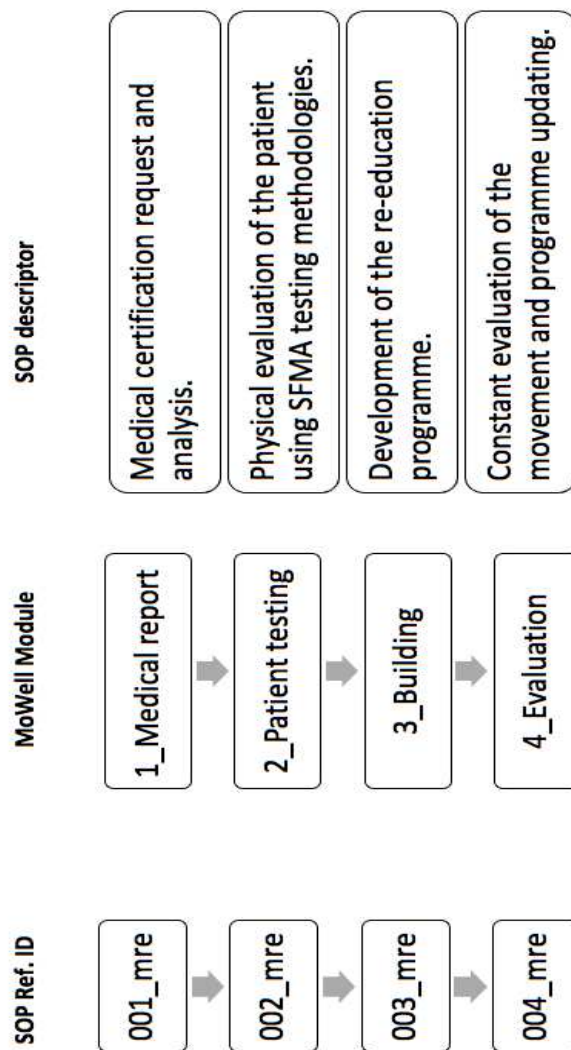
## Appendix A

Complete MoWell' s price list.

<b>SMALL CLASS</b>		<b>ATHLETE'S PERFORMANCE</b>	
Monthly	€ 50	Single users	to be arranged
Quarterly	€ 120	Teams	to be arranged
Six-monthly	€ 270		
Yearly (+ 4 individual sessions)	€ 500		
<b>PERSONAL TRAINING</b>		<b>MOTOR REHAB/MEDICAL TRAINING</b>	
<i>1 hour</i>		<i>1 hour</i>	
Single Session	€ 30	First Session (SFMA test)	€ 50
5 Sessions	€ 125	Single Session	€ 35
10 Sessions	€ 275	5 Sessions	€ 150
15 Sessions	€ 400	10 Sessions	€ 325
20 Sessions	€ 525	15 Sessions	€ 475
		20 Sessions	€ 630
<b>MEDICAL AREA</b>			
<i>Physiotherapy (depending on needs)</i>			
1 visit	€ 30 - 60		
<i>Osteopathy (depending on needs)</i>			
1 visit	€ 35 - 50		
<i>Nutrition</i>			
First visit (MoWell subscribers)	€ 80		
First visit (externals)	€ 100		
Check visits (MoWell subscribers)	€ 25		
Check visits (externals)	€ 30		

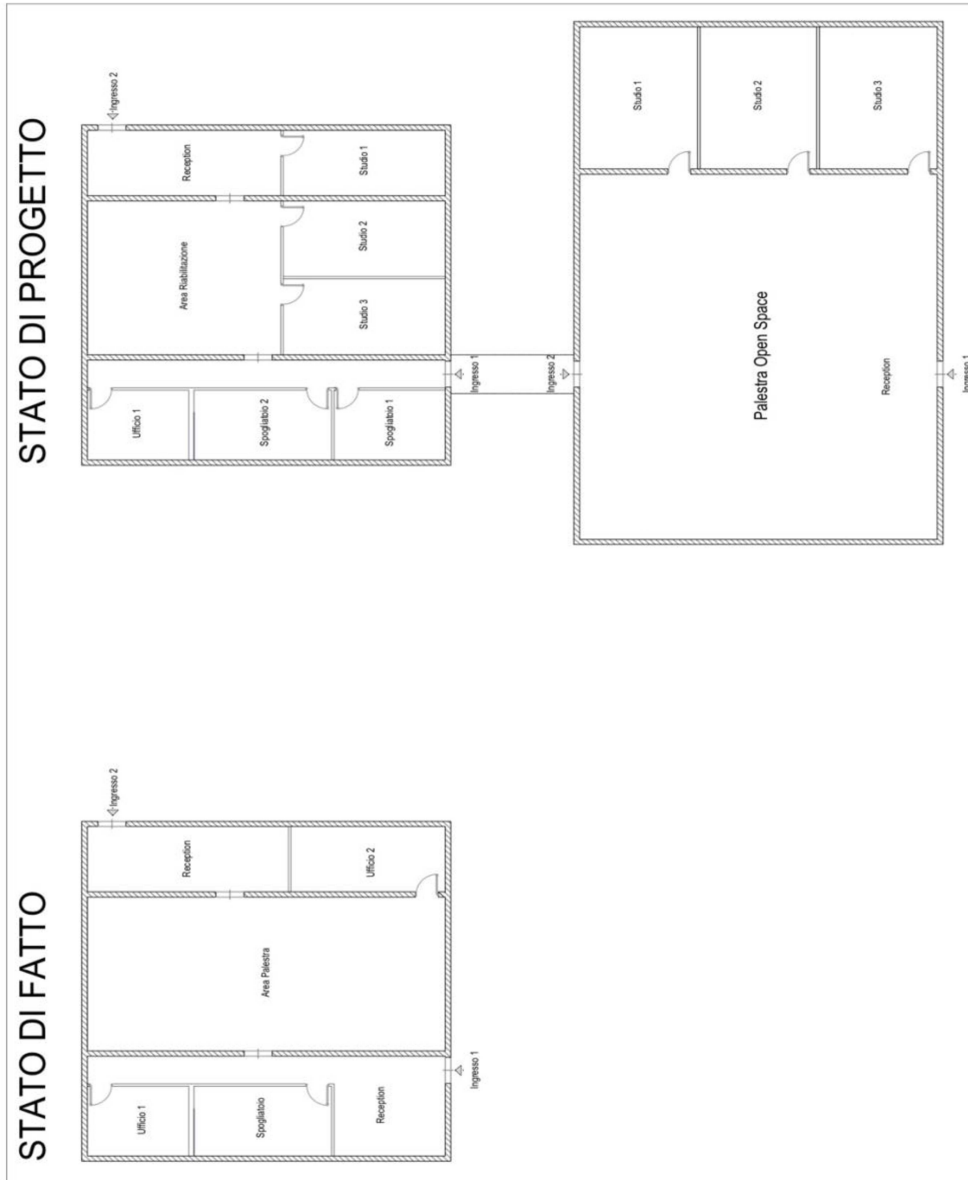
## Appendix B

An example of a Standard Operating Procedure document to be used by trainers when engaging in motor re-education activities.



# Appendix C

Stato di Fatto = Current Structure      Stato di Progetto = New Plant



## Appendix D

Organisational timeline.

Task	Execution Period									
	Oct-Dec 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022
Legal Requirements	✓									
Starting of new plant building		✓								
Purchasing of equipment			✓	✓						
SOPs set-up					✓					
Recruitment						✓				
Formation							✓	✓		
Website & Promotion							✓	✓	✓	
Moving process								✓	✓	
Old structure renewal									✓	
<b>MoWell re-opening</b>										✓

## Appendix E

MoWell historical sales composition (they were available only monthly subscription for groups and single sessions for personal/medical training).

	2019		2020	
	<i>Subscribers</i>	<i>Price</i>	<i>Subscribers</i>	<i>Price</i>
<b>Small class</b>	50	50	30	50
<b>Personal training</b>	40	30	35	30
<b>Athlete training</b>	5	40	5	40
<b>Moto re-education</b>	20	35	20	35
<b>Medical training</b>	10	35	5	35
	<b>125</b>		<b>95</b>	

\*Personal training and motor re-education subscribers on average used to reserve only one session per week while professional athletes and medical training usually consist of two sessions per week.

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