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Convenience pays off for Anytime Fitness

By John Craig, Editor -

HASTINGS, Minn. - If there's one thing Chuck Runyon doesn't like in a health club, it's wasted space.

While working as fitness industry consultants several years ago, Runyon and his business partner, Jeff Klinger, trimmed the fat from a lot of flabby 1970s-style facilities that were struggling to stay afloat. Swimming pools were a frequent culprit. "They're expensive, labor intensive, an insurance liability and underutilized by members," Runyon said.

Over time, efficiency and convenience became articles of faith for Runyon and Klinger. It led the Minneapolis natives to create Anytime Fitness, a health club born in the Midwest that has become one of the hottest franchises in the country.

Since opening its first site in Wisconsin in 2002, Anytime has ballooned to 440 clubs in 41 states and sold rights to another 750 U.S. locations. The company remains far behind Curves, the king of fitness franchises with about 10,000 clubs worldwide, but Runyon and Klinger insist they're on a similar path.

Anytime's revenues, which hit \$3 million in 2005, should reach \$14 million this year, Runyon says.

What's the trick? "The business model is so simple," he explained.

To wit: Blanket an area with 24-hour fitness clubs that are 4,000 square feet or smaller and have plenty of strength and cardio machines, but scant locker-room facilities and none of the extras such as group exercise, child-care and juice bars.

It's the ideal formula for a huge segment of the American population that's busy with career and family obligations, and prefers to work out quickly and close to home, Runyon says. "Being 24-7 is a necessity in this day and age," he said. "Convenience is a priority for people, then come affordability and creating a comfortable, non-intimidating atmosphere."

On those three counts, Anytime gets high marks. As one of the first large-scale 24-hour clubs, Anytime is known for its rigorous security system, which includes in-club cameras, emergency beepers and a front-end system designed to prohibit tailgating - more than one person entering a club at one time.

Franchisees are sharing in the company's success, Runyon says. More than half of franchisees used to be Anytime members, and 40 percent own more than one location. "That says to me that our people are satisfied, successful and love what they're doing," he said.

The startup cost for franchisees is typically about \$70,000, depending on the local real estate market. Franchisees pay a flat royalty of \$419 a month, and territories are generally 3 miles in radius. The company has recently launched an express model, designed for spaces as small as 1,200 square feet.

These days, would-be franchisees parade through the company's weeklong training sessions at the Minnesota headquarters at the rate of about 55 a month.

Anytime leaves little to chance. A team of in-house consultants counsels the classes of franchisees on financing, real estate and purchasing decisions, and big suppliers such as Life Fitness, Nautilus, Precor and Star Trac use the sessions to peddle their wares.

Runyon and Klinger created a separate company, Apex Management Services, which provides franchises with software for doing bookkeeping and running the clubs' security systems.

Prospective franchisees have a degree of autonomy, Runyon points out. "We've always wanted to give people the chance to put their thumbprint on their business," he said. "For example, we don't have group exercise in our clubs, but if somebody has a compelling reason, we'll let them do it."

But don't expect him to embrace a juice bar. "I suppose a highly skilled operator could pull it off," Runyon added, "but the caveat is that it involves more time, more expense and more energy. And we don't want members to feel like they're being harassed by us telling them to buy additional things."