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## Weighing the challenges of opening franchises

The economy made it harder for the owners of Anytime Fitness in Bonsack to get their business off the ground.

By Jenny Kincaid Boone

Dwight Ward didn't time his passion with the economic downturn.

That's how he ended up opening a 24-hour fitness franchise while the nation's financial system tanked.

The hunt for his own business began a year before the economy took a turn for the worse. Ward and his wife, Shirley, found themselves in the thick of the national mortgage crisis when they tried to get financing to open the doors at Anytime Fitness in Bonsack last year.

Local banks denied the Bonsack residents a loan.

"We got the same answer: 'Six or eight months ago, you would have sailed through,' " Dwight Ward said.

Finally, in January, the Wards opened the health club beside a new Kroger store. For now, they're leasing the club's 27 pieces of cardio and weight machines and equipment.

Opening any kind of small business is risky, but it's especially true nowadays with slumping consumer spending and the tight credit market.

Since last year, several national franchises, such as The Melting Pot and Einstein Bros. Bagels, have eyed the Roanoke Valley for new sites, but they haven't yet found willing investors. Corporate spokesmen blame the challenges on a tough economy that poses extraordinary difficulties to entrepreneurs who need loans to finance new ventures.

Even so, a host of people who have been laid off from their jobs in the past year are exploring new career options. Tom Thompson, a consultant with FranNet Mid-Atlantic, which advises potential franchisees, said he has consulted increasingly with laid-off executives who are considering opening franchises.

Franchisees have the rights to sell trademarked goods or services, and typically contribute a percentage of gross sales or a flat fee to the parent company

There are some benefits to becoming a franchisee, including built-in brand recognition and a set-in-stone business model that can act as "protection from the franchiser," Thompson said.

About 50 percent of small-business revenues come from franchises, though the franchising industry comprises only about 12 percent of small businesses, Thompson said.

Whether or not now is a good time to open a franchise depends on the type of business and the entrepreneur. Lately, some of the top growth and recession-resistant franchises are in home repair, corporate cost-cutting, hair care, senior-care and pet-care businesses, according to FranNet.

But there are challenges to opening a franchise, from hefty upfront investments to the realization that you're not entirely your own boss because you answer to the franchise company.

Franchisees "have certain guidelines they have to run by ... certain procedures they have to follow," said Tom Tanner, a business counselor with the Roanoke Regional Small Business Development Center.

Those may include advertising requirements and special pricing structures.

Photos: ERIC BRADY The Roanoke Times



Dwight Ward, owner of Anytime Fitness in Bonsack, works with Patricia Worley. The 24-hour fitness franchise has free weights, treadmills, elliptical machines, stationary bikes and strength training machines.



Ward helps Andy Foster during a workout. Foster has been a member since the first day Ward opened the business.



Ward mops the floor of his business. He doesn't have employees, but his family helps out when possible.

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But some of the largest challenges are related to the economy.

"Right now, the biggest problem is getting capital," Tanner said.

The Wards didn't envision that getting their new franchise off the ground would be so difficult.

For six months, they researched health club franchises online and visited different facilities. Anytime Fitness is a cross between a large health club and individual personal training.

Dwight Ward, 51, a Martinsville native, has a management background. He worked in Northern Virginia as an operations director for Media General and for some local retail businesses. But his passion is health and fitness.

A self-described gym rat, Dwight Ward started weight-lifting as a teenager, and he still exercises and weight trains regularly. He was a partner in a personal training business at Smith Mountain Lake for one year and managed Gold's Gym in Roanoke County. He saw Anytime Fitness as an opportunity to work for himself.

"I had worked for people all of my life," he said.

The Wards invested \$15,000 initially in the Minnesota-based Anytime Fitness franchise company, which has more than 1,100 locations. That does not include a \$419 monthly flat franchise fee.

They started the franchise process with some partners, but those partners bowed out when the economic climate worsened, Dwight Ward said.

Troubles landing an additional \$60,000 in financing last year forced the Wards to come up with needed funds by refinancing their home and selling vehicles.

Finally, they opened the doors at Anytime Fitness.

The 4,200-square-foot facility has free weights, treadmills, elliptical machines, stationary bikes and strength training machines. There also are tanning beds, showers and private changing rooms. Members receive a security access key to enter the building at any hour of the day.

Dwight Ward arrives most days at 8 a.m., unless he has an earlier personal training appointment. He squeezes in his own workout routine of cardio and weights about 6 p.m.

Shirley Ward, who works full time as an auditor, helps to run the health club in the evenings.

Building membership numbers "is a constant challenge," Dwight Ward said.

The Wards haven't yet reached the break-even mark of 500 members. As of Thursday, the club had 342 members.

Memberships, which include a one-time security access fee, are \$42 for singles and \$77 for couples. There are discounts for senior citizens, emergency workers, teachers and active military personnel.

Though it's been a tough beginning, Dwight Ward doesn't measure success only in finances.

He looks to weight loss and fitness goals. At least seven people have shed a significant number of pounds since they became members of Anytime Fitness.

"I still grin every day I go to work," he said, sitting at his office desk recently, dressed in a black muscle shirt with Anytime Fitness splashed across the front.

As a small business owner, "you do control your destiny," he said.

Still, "you can't control the economy."