

Processes to support a health and fitness business

Level 2 Providing a positive
customer experience in the
fitness environment

Learning outcomes

By the end of this session you will be able to:

- Identify the components of financial planning for a health and fitness business
- Identify a typical product offer within an exercise and fitness facility and how an instructor may be able to support this
- Describe the use of social media within a health and fitness business
- Identify how to set up a social media/digital profile

Financial planning

Calculating profit and loss

- Annual budgets, income and expenditure budgets, forecasting cash flow, gross and net profit, typical business costs, direct and indirect costs

Calculating tax and national insurance

- Requirements for employed and self-employed, keeping business records

Financial planning

All businesses must maintain financial records to enable the reporting of accurate profits or losses to Her Majesty's Revenue and Customs (HMRC), the government body responsible for collecting taxes

Self-employed instructors need to maintain financial records/accounts that enable them to complete an accurate self-assessment tax return every year

Financial record requirements

- Income and expenditure summarised in a profit and loss account
- Receipts of purchases
- Invoices from suppliers showing charges made to the business (creditors) and recording when payment has been made
- Invoices showing charges made to customers and records when payment has been made
- A balance sheet showing the value of everything the company owns, owes and is owed

Budgets

A budget is a financial representation of the overall business plan which provides the company with forecasts and targets

Budgets can aid the company by informing the planning and strategy for the year

The setting of budgets is essential and usually carried out by senior management but involving all managers in some way

Income and expenditure budgets - cash flow forecasting

Used to plan and balance the flow of cash in and out of a business

Businesses need to generate income to survive and operate e.g. memberships, sales

Cash needs to be available to pay for any ongoing costs e.g. premises, equipment

Income and expenditure budgets - cash flow forecasting

An out of balance cash flow could mean that a business may have plenty of orders on their books, but they cannot afford the cost of producing the product or providing the service

Income and expenditure budgets can enable organisations to plan and make decisions about the cash demands of the business in the future

Profit and loss account – statement of income

Shows all income and expenditure for the business over a specific time period e.g. monthly profit and loss account, along with a 'year end' statement

Profit and loss statements show how well the organisation has performed financially and can provide an accurate breakdown of how the organisation is performing financially against a set budget

Gross and net profit

When preparing a profit and loss account, there are two types of profit:

- **Gross profit** - income made by sales minus the costs associated with making the product or providing the service
- **Net profit** (operating profit) - income minus all expenses an organisation has incurred

Direct and indirect costs

Costs can be:

- **Direct** (cost of sales) - Expenses that are incurred when a sale is made and income is generated (e.g. resources, wages)
- **Indirect** - Costs that are not directly linked to a product or service (e.g. marketing, financial support, legal expenses, rent of buildings)

Fixed and variable costs

- **Variable** - Direct costs tend to be variable because they link directly to the sales made by an organisation
- **Fixed** (overheads)- Indirect costs can be fixed or variable, although they tend to be fixed, as they are independent of the organisation's sales performance

Tax

Tax is how the government raises money to spend on public services, such as education, health and the social security system

Certain types of taxes apply only to certain people - you have to earn above a certain limit to qualify for income tax and if you are self-employed you may be entitled to claim back much of your VAT

National Insurance (NI)

NI contributions are used to fund parts of the welfare state (pensions, NHS)

You pay NI if aged 16 or over and:

- An employee earning above £157 a week. If you earn between £113 and £157 a week, your contributions are treated as having been paid to protect your NI record
- Self-employed and making a profit of £6,025 or more a year

To pay National Insurance you will need a NI number

Pay as you earn (PAYE)

People in full-time employment pay tax through the PAYE system

Tax is deducted at source, so when you get your pay slip it will record how much tax has already been taken out

When you start work, you fill in a P46 tax form which notifies HMRC that you have begun working and will instigate a tax code to explain your allowances for the year

Self-employment

If you are self-employed in the UK, you have legal requirements, such as:

- Registration with HMRC
- Keeping business records
- Completing a self-assessment tax return each year
- Paying income tax

Insurance and licences

An instructor will need to ensure they hold the correct insurances and licences to practice that covers all aspects of their job role

Instructors should check with their employers what they are covered for

If self-employed, instructors should arrange all of their own insurance and licences relevant to the people they are training and teaching, the type of sessions they are delivering and the environments they will be working in.

Examples of insurance and licences

- Public liability insurance
- Professional indemnity
- Personal accident
- Motor insurance
- Equipment insurance
- Cyber and data risk insurance
- Home business insurance
- Playing music in public /music licenses

Selling additional services and products

If a customer starts using additional products and services, that are different from those they chose when first coming to your organisation, this has a knock-on effect:

- The customer would see this as added value
- The customer would be more likely to recommend the organisation to others
- The reputation of the organisation would grow
- The organisation's profits will be increased

Selling additional services and products

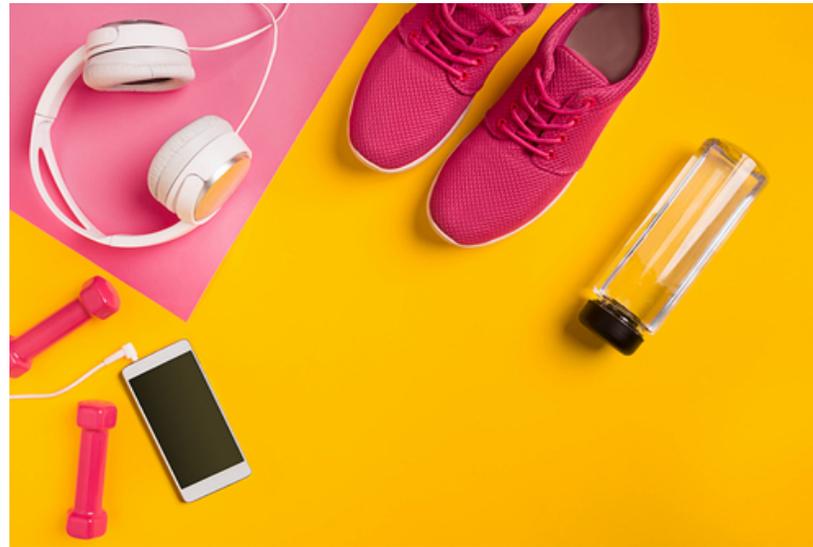
Each organisation will have procedures and systems in place for encouraging the sale of additional services or products

An instructor can introduce additional services or products to customers by outlining their benefits and giving appropriate, balanced information

Selling additional services and products

Examples of typical product offers include:

- Water bottles
- Towels
- Sporting equipment
- Clothing
- Etc.



Using social media

Social media is one of the main forms of communication for health and fitness facilities and can be used for:

- Marketing and advertising
- Gaining customer feedback
- Members groups
- Organising events
- Information sharing
- Information gathering
- General communication to visitors and members

Using social media

Organisations should have a social media policy outlining:

- How staff members should use organisational accounts such as Facebook, twitter, Instagram, LinkedIn etc.
- How to communicate via the different social media accounts
- How to handle complaints or any adverse comments

Digital footprint

A digital footprint is the data trail left by your interactions in the digital world. It is a public record of:

- What you said
- What was said about you
- What you liked, retweeted or shared
- Where you are or have been

Although it's less public, there's also a record of:

- What you've clicked on and searched for

A potential employer can see any of these.

Digital profiles

All instructors should understand the potential damage of a negative digital profile

- A digital profile can give lots of information about an instructor's personal and professional lives
- Stop and think about content that you are posting or is being posted by others
- Remember to treat others with respect
- Use privacy settings effectively to keep personal information protected