



HOW TO BANKRUPT YOUR GYM

GUARANTEED



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TWOBRAINBUSINESS.COM

33 MISTAKES THAT CAN KILL A GYM

For the first time, fitness professionals can make a real income, either as an owner or as a coach in a microgym.

The microgym industry has exploded in the last 15 years, but with no central, guiding authority, we're all out here on our own.

This wide-open model has made it easy to start a small gym. But it also means no one is tracking wins and losses, and it's easy for gyms to repeat the mistakes others have made. Until that's fixed, the industry will always repeat the same backward-forward dance instead of making meaningful progress.

At Two-Brain Business, we make gyms profitable—and we do it so they last.

We want gyms to last so they can make permanent changes in the lives of their clients and multiply to change the lives of more clients.

To make gyms profitable, we measure. We track successes and failures. We watch trends. We adopt what works and discard what doesn't. And we require proof because we don't want gym owners to make 2007 mistakes—or even 2017 mistakes.

When you haven't been around long, the lessons learned by others are sometimes missed, and mistakes that have been dead and forgotten have a bad habit of reappearing as new ideas—unless we remind people why the ideas died in the first place.

Worst of all, we're surrounded by nostalgic survivors who want to pull us back to 2007. We read polls that are full of opinion without real comparison. And we're subject to false gurus who are trying to sell their unproven ideas by attacking the truth.

To keep moving the industry forward, here are 33 mistakes that will drag us backward.

All of these mistakes cause problems. Some stunt growth, others create isolated minor disasters, and a few are individual kisses of death that can completely ruin a business. In total, they are a recipe for bankruptcy.

I hope you're not making any of these mistakes. But if you are, remember this: The real mistake is in repetition.

Errors you only make once are just learning.

Errors you repeat are fatal.

—Chris Cooper





THE MISTAKES

1. YOU ONLY SELL GROUP TRAINING CLASSES.

You sell fitness coaching. Your job is to make people fit through exercise, nutrition—or any means available.

Some of your clients might want to exercise in a group. Some might not. But selling group fitness classes isn't the beginning or end of your business.

Bigger competitors in the market can sell group fitness better than you can. They're doing it with clean facilities, good-looking coaches, digital scoreboards and huge ad spends. They've commoditized intensity. That means downward price pressure. If you're trying to compete on their playing field, you're going to lose.

You have to level up. You have to sell 1:1 training, individual coaching in a group class setting and nutrition coaching. You have to make prescriptions instead of selling memberships.



Listen: [“The Prescriptive Model: Your Key to Survival”](#)



2. YOU'RE COUNTING ON OTHER PEOPLE TO DO YOUR MARKETING FOR YOU.

Maybe you think “incentivizing” your coaches will make them good at sales or recruitment.

Maybe you think bribing your clients with free months will suddenly make them evangelists.

Or maybe you think an ad agency will just take this responsibility off your plate.

None of that works. You need to know how to market and how to convert leads to clients.



Complete: [Free Tools “Digital Marketing Course”](#)

(Find it under “Problem 2” in the resource collection)



3. YOU'RE OVERPAYING YOUR COACHES.

Every staff person should generate the revenue that pays him or her—and more. This is how you turn an expense into an asset.

Service-industry writers such as Mike Michalowicz (“Profit First”) and Greg Crabtree (“Simple Numbers”) agree: Staff costs should be around 44 percent (or less) of your revenue. But in a small business, it’s not enough to just wait and hope there’s enough money left to pay yourself. You must be proactive and tie coach pay to revenue.

This creates unlimited opportunity for your coaches to make more without slicing up your pay. It’s motivating, it’s positive and it will help diversify your business.

We teach the 4/9ths Model because we want owners to succeed without impoverishing their families, themselves or their coaches.



Watch: [“The 4/9ths Model” on CrossFit.com](#)

Watch: [“Staff Compensation” on EliteFTS.com](#)



4. YOUR SPACE IS TOO BIG/YOU HAVE TOO MUCH EQUIPMENT.

No one is typing “biggest CrossFit gym” into Google. And no one is searching for “personal trainer near me with most Assault bikes.” The high-volume model of trying to pump 300 members into group classes has been proven a failure.

More isn’t better. We don’t need huge spaces or massive piles of equipment. If you do it right, 150 clients are enough.

If your landlord is making more on the rent than you’re making on your business, your business is upside-down.



Read: [“How to Be Gym-Poor”](#)



5. YOU'RE PLACING YOUR BUDGET ON YOUR CLIENTS.

If you're in the Founder or Farmer phases of entrepreneurship—the first two stages in our hierarchy—your clients probably make more money than you do.

But they're coming to you to solve their problems.

Good coaches don't hold back the truth, and good coaches don't make judgments about what a new client can afford.

Solve the client's problem and don't worry about what you think he or she can afford.



Read: [“How to Sabotage Yourself”](#)

Read: [“How to Charge What You're Worth”](#)



6. YOU'RE AVOIDING HARD CONVERSATIONS.

You've finally done the math and figured out your rates are far too low. Or you have a coach you know isn't up to your gym's standard. Or you have a distracting member who's affecting other members' joy.

You avoid dealing with the situation by telling yourself that you're obliged or duty bound or keeping your promises. You keep giving people "one more shot."

But really, you're just avoiding the real work that makes entrepreneurs successful: having hard conversations.



Read: ["Hard Conversations"](#)



Read: ["Prison Escapes and Hard Conversations"](#)



7. YOU'RE RETAINING LEGACY RATES

Stories are sticky, and nostalgia is the stickiest.

Though it's never been a good idea to promise a member "your rates will never go up!" it was common practice for years because some early microgyms did it.

It's honorable to make promises and keep them. But this is a mistake. And when you make a mistake, it's more honorable to correct it than to punish yourself and your family forever.



Read: ["How to Kill Your King"](#)



8. YOU'RE DISCOUNTING YOUR RATES.

If you give a member 20 percent off your price, that money comes out of your profit.

You're not helping that member. You're not honoring his or her service. You're not keeping the client longer.

Discounts don't attract great new members.

Worse, you're screwing the people who are paying the full rate for your best service.

And you're definitely hurting your business.



Read: [“Why We Don't Have Sales”](#)



9. YOU'RE SENDING THE WRONG MESSAGES.

Getting marketing leads used to be hard.

Now it's not: We teach you the process step by step in the Two-Brain Business mentorship program.

The biggest problem for most affiliates now is converting those leads to members and keeping them.

To do both, you need to send the right message to the client over and over again.



Read: [“The Clogs in Your Funnel \(and How to Kill Them\)”](#)

Read: [“To Whom Are You Speaking?”](#)



10. YOU'RE NOT STANDARDIZING YOUR OPERATIONS.

You must make yourself replaceable.

You don't have the time to do everything your business needs. And your business can't depend on your health or good luck forever.

What if you're hit by a bus? What if a client has a complaint and you're not there? What if you just need a weekend off?

Affinity marketing gets good clients. Good offers boost your ARM (average revenue per member). A high level of care retains clients. Good systems boost your LEG (length of engagement).

So standardize your operation and reap the rewards.



Read: [“Why Your Rules Don't Work”](#)



11. YOU'RE ASKING FOR OPINIONS INSTEAD OF HELP.

When gym owners vote on the best source for business help, [Two-Brain Business](#) always wins.

But it's hard to separate opinion from evidence or even discern whose opinion counts.

As an entrepreneur, you must develop strong filters for the information you consume. Pass on opinions and feelings and demand data and proof.



Read: [“Signal: Noise”](#)



12. YOU'RE PAYING YOUR STAFF SALARIES AND HOPING THEY'LL STAY BUSY.

Work expands to fill the time you have, and you can be very busy without accomplishing anything.

Staff who are paid a salary are incentivized to fill their time instead of prioritizing their work.



Read: [“The Salary Cap”](#)



13. YOU DON'T DO ONE-ON-ONE ON-RAMPS WITH NEW MEMBERS.

I started writing about one-on-one on-ramps around 2009, but Nicki Violetti published her ideas in the CrossFit Journal in 2007.

Your success as a coach isn't measured by how quickly you can get someone into a class setting.

Putting a client first means identifying the best path (see: Prescriptive Model in Mistake No. 1, above) and then bridging the gap from the starting point to his or her goals.

Everyone's starting point is different. No one's starting point is "novelty-seeker who will sign up if I make them barf."

Your goal is to make people fit. Group classes are a powerful tool for fitness, but they aren't the best entry point to your business.



Read: ["Why On-Ramp?"](#)



14. YOU'RE OFFERING A "FREE TRIAL CLASS" INSTEAD OF A CONSULTATION.

You're not selling access to classes. You're selling fitness.

Big chain gyms give free class passes because they know they can beat you on price, cleanliness and sales tactics. If they get someone through the door, their staff is going to sell a membership.

If your entry point is a free trial class, you're effectively saying, "We're selling the same thing they are."

The points of difference you see (better coaching, higher intensity, faster barbell spin) are invisible to the client. You're inviting price shopping and high turnover with free trials.



Read: ["The Free Trial Is Over"](#)



Listen: [Two-Brain Marketing Episode 11: Jarrett Baston](#)
(jump to 20:17)



Watch: ["Stop Giving Away Free Trials"](#)



15. YOU'RE TRYING TO BE THE BEST AND THE CHEAPEST IN TOWN.

You are selling a premium service. It's not for everyone.

You are selling 1:1 coaching. Sometimes that coaching happens in a group environment.

You can't be the best and the cheapest. Your price sends a message about your quality.

You don't have to make that service affordable to everyone. You can help everyone by becoming profitable and then making donations or paying for scholarships. But if you don't have a base of profitability, you're not helping anyone.



Read: [“How to Literally Make Money in Fitness”](#)



16. YOU'RE NOT EVALUATING YOUR STAFF.

As a coach, your job is to get your clients results. That means tracking their progress.

As an owner, your job is to make sure your clients get results by providing the best coaching staff available. That means tracking your staff's progress.

Every three months, evaluate the coach's progress at a Career Roadmap meeting.



Read: [“Coach Evaluations”](#)



17. YOU'RE NOT TRACKING YOUR METRICS.

You don't need to measure 25 different things every month.

But you must measure what counts—key performance indicators (KPIs)—and then take action based on those objective results.



Read: [“Cash Flow and Metrics That Matter”](#)



18. YOU'RE PAYING TOO MUCH ATTENTION TO THE WRONG PEOPLE.

The loudest complainers steal your attention.

The unproven ideas steal your energy.

And the competition steals your peaceful rest.



Clients—Listen: [Two-Brain Radio: Mike Michalowicz](#), author of “The Pumpkin Plan”



Read: [“Killing the Canary”](#)



Gurus—Read: [“The Five Filters”](#)



Competitors—Listen: [Two-Brain Radio: Dealing With the Competition](#)



19. YOU'RE NOT PRODUCING ANY CONTENT.

When people look for help, they always go online.

Your online platform is built on the content you produce.

To build your audience and grow your business, you need to produce content.



Read: [“The Catchiest Title of All Time \(Content Marketing\)”](#)



20. YOU'RE OFFERING PAID-IN-FULL (PIF) DISCOUNTS.

Trading money now against less money later is a rookie mistake.

It's just like smoking: You're trading long-term benefit against short-term craving. You're better than that.

Giving clients 20 percent off for "paying in full" or "paying in advance" just creates a downward spiral.

It's a deadly mistake that has sunk many gyms.



Read: ["Why We Don't Have Sales"](#)



21. YOU'RE TAKING EVERY SINGLE CLIENT.

Your service is not for everyone.

Every client has a risk:reward ratio.

It's no coincidence that the clients who pay the most for your service are usually the ones who complain the least.



Read:

["Why We Don't Take Every Client \(and Neither Should You\)"](#)



22. YOU'RE BASING YOUR PRICES ON YOUR NEIGHBORS.

They didn't know what they were doing, either.

They probably copied someone else, who copied someone else's uneducated guess.

Maybe try math instead.



Read: [“Delegation and Pricing”](#)



23. YOU THINK YOUR CLIENTS ARE YOUR FRIENDS.

Your coaches aren't your social network.

Your clients aren't your friends.

It's a lesson most of us have to learn the hard way.

But maybe you can skip the heartache.



Read: [“No, They’re Not Your Friends”](#)



24. YOU'RE DOING THE WRONG WORK AND STAYING BUSY INSTEAD OF MAKING PROGRESS.

Entrepreneurship is cool now.

There are 1,000,076 ideas for entrepreneurs posted online so far.

Some of them don't apply to you now. Some of them never will. And some will hurt you if you try them.

I wrote [“Founder, Farmer, Tinker, Thief”](#) to give you a lens for these ideas.

I want you to keep moving forward instead of just staying busy.



25. YOU'RE NOT POSTING PRICES ON YOUR WEBSITE.

Or maybe you are.

Should you?

It depends on which phase of entrepreneurship you're in right now—Founder, Farmer, Tinker or Thief.



Read: [“Should You Post Your Prices on Your Website?”](#)



Find out What Phase You're In:
[Founder, Farmer, Tinker, Thief Quiz](#)



26. YOU'RE RUNNING 12 OR MORE DIFFERENT PROGRAMS AT ONCE.

I take the blame here. When I wrote about diversifying your revenue streams in my book [“Two-Brain Business,”](#) I provided a list of 30 possible specialty programs people could run.

Many readers thought that meant they should run 30 programs.

I should have said, “Pick any three. Three are enough.”

Stick to the main three offerings at your gym (1:1 coaching, nutrition coaching and group coaching) until you're profitable. Then ask your clients what they want next. Then add that.



27. YOU'RE BUYING A THIRD GYM BEFORE THE FIRST ONE RUNS ITSELF.

With many microgyms closing, some owners see the opportunity to “buy” a business as a positive.

But they're really buying poisoned meat.



Read: [“Should You Buy out Another Gym?”](#)



28. YOU'RE THINKING MORE ABOUT GETTING NEW CLIENTS INSTEAD OF KEEPING THE OLD ONES.

When one popular software platform advertised “50% off for new clients,” a few Two-Brain gym owners asked, “Why are their new clients more important than me—an existing client?”

A few even called the company to ask, “Where’s my discount?”

And, of course, the software company gave them a discount, too.

If your focus is on new members, it’s going to cost you.



Read: [“Don’t Skip ‘LEG’ Day”](#)



29. YOU'RE STICKING TO DOGMA BECAUSE YOU'RE AFRAID TO CHANGE.

The Old Testament of Gym Ownership read: “If you have clean bathrooms and care enough, your clients will refer you to their friends and all of your problems will go away.”

That gave us all the excuse to avoid our balance sheets, work in the business instead of on the business and stay bad at sales.

It also gave us the excuse to do a ton of other bad stuff, such as trading membership for coaching (or dry-erase markers). We're done with dogma now. Check your data and change what needs changing.



Read: [“The Real Cost of ‘Trades’”](#)



30. YOU'RE TRACKING MEMBERSHIP INSTEAD OF PROFITABILITY.

Headcount doesn't matter.

Facebook "likes" don't matter.

Instagram comments don't matter.

There are gyms with 100 members that are far more successful than gyms with 1,000 members.



Read: ["Are You Kicking Your Profitability Away?"](#)



31. YOU'RE CONFUSING SOCIAL MEDIA ATTENTION WITH MARKETING.

They're not the same.



Read: [“How Many ‘Likes’ Do You Need?”](#)



32. YOU'RE DOING "ALL THE THINGS" INSTEAD OF FOCUSING ON THE THINGS THAT GROW YOUR BUSINESS.

If you try to do everything for everyone all the time, you won't get anything done.

To grow, you need to determine and prioritize a small number of things that will make a huge difference.

Then focus on doing those things quickly.



Listen: [Two-Brain Radio: "Where Should Your Focus Be?"](#)



Read: ["How to Get Clarity"](#)



33. YOU'RE TRYING TO INVENT NEW IDEAS INSTEAD OF STICKING TO PROVEN WINS.

This is the greatest entrepreneurial trap of all.

The problem isn't actually that you don't have enough ideas, opinions or work. The problem is that you have too many.

There's no need to make the mistakes that others have already solved.

There's no need to spend money in vain.

There's no need to "figure it out."

You solve problems for fitness clients.

We've solved business problems for you.



Read: ["Less Feedback Is More"](#)



Sign up: [Two-Brain Business RampUp](#)



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WE MAKE GYMS PROFITABLE

