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COMPANY SPECS**Anytime Fitness Inc.**

Business: 24-hour no-frills gym franchise

Founded: 2002

Location: Hastings

Web site: anytimefitness.com

Employees: 60

Revenue: \$15 million

Competition: Lifetime Fitness, Snap Fitness, Gold's Gym International, 24 Hour Fitness and Curves International Inc.

By Jennifer Bjorhus | bjorhus@pioneerpress.com

Anytime Fitness co-founders Chuck Runyon, Jeff Klinger and Dave Mortensen spied a bargain when the old Southview Athletic Club in West St. Paul came up for sale in 1995. The '70s era gym — 40,000 square feet of pools, racquetball courts, saunas, steam rooms and moldy locker rooms — had dwindled to about 400 active members.

The Twin Cities natives plotted a makeover that would ultimately help them launch their successful 24/7 express fitness chain. They'd been working together as fitness consultants, coaching gyms across the country on how to muscle up membership beyond their core fitness buffs. The Southview Athletic Club was the perfect opportunity for the men to put their money where their mouth was.

They paid \$100,000, rehabbed the club and began operating it, gleaning important information along the way. Half their revenue was eaten up in payroll for the staff required to clean pools and maintain the facility. Big space meant big taxes and utility bills. Few members were using the pools, aerobic classes or day-care facilities.

Anytime Fitness chief executive Jeff Klinger said that around 1999 they started pulling members aside and asking them why they joined. The overwhelming answer, Klinger said, was simply that the club was convenient.

The group had an epiphany. Why not develop a 4,000-square-foot no-frills club near a supermarket or retail hub without much staff — what Klinger called "the lazy man's option for operating a fitness club."

By 2002, the Southview club had grown to 4,500 members. The three men sold it for \$1 million and used the money to launch Anytime Fitness, a gym franchise based on their express concept.

Anytime Fitness targets the fitness crowd that just wants the basics — something cheap, open round-the-clock for convenience and comfortable, without the intimidating muscle-man atmosphere. (They kept the tanning booths, Runyon said, because they don't take up much room.) Memberships cost just \$36 a month on average and the club's key cards work at any club in the country.

"We don't have smoothie bars and aerobics," said co-founder Chuck Runyon. "They want to get in, get out and go do the rest of their life."

Lean staffing and streamlined offerings keep overhead low. Anytime Fitness clubs are typically staffed from 11 a.m. to 7 p.m. The rest of the time, the doors are locked, but clients' computerized cards allow them in.

The clubs provide a security system that includes cameras, recorded card swipes and personal security devices hanging on the wall that customers can wear like necklaces when they work out. If customers hurt themselves or feel unsafe, they press a button on the necklace that alerts a security company that will arrive in less than a minute, he said. People working out at 2 a.m. can carry the necklaces with them to the cars, he said, and bring them back later.

Bare-bones staffing helps keep payroll expenses less than 10 percent of Anytime Fitness revenue nationally, compared with 45 percent or more for competitors, according to Runyon.

Anytime Fitness, now headquartered in Hastings, was profitable from the start, Runyon said. In just five years, the startup has grown to a \$15 million operation, with nearly 700 franchisees in 45 states and Canada, not including the 12 clubs the founders own and operate themselves in the Midwest. Runyon said he expects to announce new openings overseas this year.

That's still small by gym standards. Waco, Texas-based Curves International, which caters to middle-age women looking for a quick workout, has 10,000 clubs — about one third of the U.S. health club market, according to Rosemary Lavery, spokeswoman for the International Health Racquet and Sportsclub Association in Boston.

Each Anytime Fitness franchisee signs a five-year contract and pays a one-time startup fee of \$14,000 for a territory, typically a three-mile radius, for the life of the club. Owners also pay monthly dues of \$419, and a monthly fee of \$150 that goes into a national advertising fund.

They're also responsible for executing a retail lease, though Anytime Fitness offers assistance negotiating it through a separate company called Franchise Real Estate Inc. Franchisees also outfit gyms themselves, although they get discounts on insurance, equipment, security and apparel by working with the company's preferred vendors. Altogether, a franchisee is likely to spend \$35,000 to \$90,000 to open a club, depending on how they finance it and real estate prices.

And they don't just do it once. According to Runyon, more than half of their franchisees now own multiple clubs — a key factor in the company's fast growth rate. It expects to hit 1,000 by the end of the year.

"We're currently opening clubs at the rate of more than one a day," Runyon said. "The 1,000th club will be an incredible milestone and a huge reason to celebrate."

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