Operations Manual & Trademark Information
Mission Statement

To establish CAGE FITNESS™ as a cutting edge fitness program, that delivers safe exercises to our members that are fun, challenging, and help them reach their fitness goals.

The following five core values will act as a guide in helping us accomplish the above mission:

- Apply the highest standards of teaching, training and safety to help all members reach their personal goals.
- Create workout environments that foster respect, courtesy and dignity for all participants.
- Insure that all participants are pushed to their PERSONAL BEST and not beyond.
- Appreciate and recognize dedication and loyalty to our company and our licensees.
- Contribute regularly and positively to our communities.
Table of Contents

CHAPTER 1 - INTRODUCTION........................................................................................................4
  How to Use This Manual........................................................................................................... 4

CHAPTER 2 - WELCOME TO CAGE FITNESS ......................................................................... 5
  Letter From the CAGE FITNESS, - Tiirector OF Operations................................................... 5

CHAPTER 3 - STAFFING YOUR CAGE FITNESS PROGRAM ................................................ 7
  A Word on Legal Compliance.................................................................................................. 7
  Staffing Your CAGE FITNESS Program................................................................................ 8
  Position Descriptions With Profiles...................................................................................... 8

CHAPTER 4 - OFFICE POLICIES ............................................................................................. 10
  Image Decor & Theme............................................................................................................. 10
  Quality Standards of Services............................................................................................... 10
  Benefits of Service Standards ............................................................................................. 11
  Planning and Organizational Considerations......................................................................... 11
  Knowledge and Understanding Are the Keys to Delivery.................................................... 11
  Monitoring............................................................................................................................ 12
  Service and Courtesy to Customers..................................................................................... 12
  Handling Typical Complaints and Problems......................................................................... 13
  Staff Appearance (Trade Dress) and hygiene....................................................................... 13
  Visitors in the Workplace...................................................................................................... 14
  Computer Usage.................................................................................................................. 14

CHAPTER 5 - OFFICE OPERATION AND MAINTENANCE..................................................... 15
  General Housekeeping......................................................................................................... 15
  Pre-Class Procedures............................................................................................................ 15
  Closing Procedures............................................................................................................... 15
  Special Cleaning Procedures................................................................................................ 15
  Duties and Responsibilities................................................................................................... 15
  Office Manager................................................................................................................... 16
  Office Administration Major Activities Listing................................................................. 16
  Alarms, Locks, and Keys....................................................................................................... 18
  Inventory Levels.................................................................................................................. 18
  Safety.................................................................................................................................. 18

CHAPTER 6 - OFFICE EQUIPMENT, COMPUTER SYSTEM, INVENTORY, AND SUPPLIES ............. 19
  Approved Vendors............................................................................................................... 19

CHAPTER 7 - ADMINISTRATION .......................................................................................... 20
  Record Keeping....................................................................................................................... 20
  Collections and Accounts Receivable Management............................................................ 22

CHAPTER 8 - MARKETING ..................................................................................................... 23
  Marketing at CAGE FITNESS............................................................................................... 23
  CAGE FITNESS™ Licensee Marketing Requirements.......................................................... 23
  Target Marketing With Selected Media................................................................................ 26
  A Closer Look at Various Forms of Media............................................................................ 26
  Executing Your Marketing Plan............................................................................................ 33
CHAPTER 9 - SALES AND PRICING ................................................................. 36
  INTRODUCTION .................................................................................................. 36
  PHONE SELLING ................................................................................................. 36
  UP SELLING FOR MORE PROFIT (UPGRADES) ..................................................... 38
  REFERRALS .......................................................................................................... 39
  GROUP PRESENTATIONS ...................................................................................... 41
  PRICING POLICIES AND FEE STRUCTURES ....................................................... 41

CHAPTER 10 – USE OF TRADEMARK ............................................................... 42
  TRADEMARK USAGE AND GUIDELINES .............................................................. 42
  EXAMPLES OF TRADEMARK MISUSE ............................................................... 43
Chapter 1 - Introduction

Welcome to CAGE FITNESS! Before delving into the program, CAGE FITNESS wishes to reiterate that the contents of this manual are confidential and proprietary. They are protected as Trade Secrets under the Federal Law of Intellectual Property. This Manual is the property of the licensor, CAGE FITNESS, Inc. and is licensed for your use as a guide and reference tool in the operation of your CAGE FITNESS program. Access to its contents should be limited to those whom have signed the confidential disclosure agreement. As a CAGE FITNESS Licensee, you have already signed a confidentiality disclosure. If you have not, failure to do so will in no way release you or any member of your business from being required to keep the contents of this manual and the CAGE FITNESS Program confidential. Please protect and safeguard the Manual. It will help guide you to a successful CAGE FITNESS Program. Finally, please keep it current with the latest updates.

How to Use This Manual

CAGE FITNESS Operations Manual

The CAGE FITNESS Operations Manual is designed to assist you in the development and operation of your CAGE FITNESS Program. Much of the information included is to serve as a guide and is not required but we have found that the suggested procedures and systems will help you grow your CAGE FITNESS Program in the quickest, safest and most profitable manner.

It is your responsibility to understand and implement the methods of service to the specifications and standards required by the licensee. Every detail of the design and operation of the business is important in order to develop and maintain the highest operating standards.

Updates to the Manual

In a continuing effort to provide better service to our customers and build a stronger business, periodic updates will be made to the manual. Updates will occur either via mail or through a website based system.
Letter from the CAGE FITNESS, - Director of Operations

Welcome to CAGE FITNESS. As Director of Operations of CAGE FITNESS, I share in your excitement about how amazing it is to be in the fitness industry. Over the last few years, we have been hard at work developing a solid business model that has allowed us to be tremendously successful and profitable! Now, we want to share our superior system with Licensees just like you and help you deliver the same consistent quality that CAGE FITNESS customers have come to expect from our business.

Our training program will guide you through some of our processes and other phases of the business, giving you the necessary skills for the success of your fitness program. The degree of your success, however, will depend upon your willingness to learn and communicate with us and your customers. Your success is also a function of the amount of time and effort you are willing to devote to learning and executing each phase of the business.

It is our goal to provide the support and services to you with the highest level of honesty, integrity and professionalism. CAGE FITNESS takes the partnership we form with our licensees tremendously serious; it is the foundation of our success. From lead generation programs and cutting-edge technology to branding campaigns and customizable marketing tools, our support is second to none. Comprehensive training and ongoing support will keep you and your staff knowledgeable and competitive from startup and beyond.

CAGE FITNESS is a company that is positioned to do great things and we are delighted that you are along for the ride. As a cutting edge leader in the fitness industry, CAGE FITNESS has achieved notoriety, respect and market share. Our potential is limited only by the creativity of our management and the vision of our owners. Our future in this “growth” industry is flourishing and we welcome you!

Sincerely,

Michael Perri, Jr.
Director of Operations
Chapter 3 - Staffing Your CAGE FITNESS Program

A Word on Legal Compliance

Because each state has special staff member regulations, you will need to contact your local government agencies for a complete list of requirements for your License. As the owner/operator, you will be responsible for hiring, training, promoting, and dismissing staff members. To ensure that all aspects of this process are covered correctly and legally, pay careful attention to the details regarding State and Federal employment laws.

Key steps to complete before hiring

1) File for a Federal Employer Identification Number (Federal Form # SS-4). This sets up the Federal Income Tax process for withholding. You will also be required to set up a payroll deduction account. More information about this process is available at www.irs.gov (for US licensees).

2) Determine what Federal forms you will need (includes the W-4, I-9). You will need to establish any similar forms on the state level.

3) Have all staff members fill out other necessary form that your business requires (i.e. drug test form, background check form, non-compete agreement, etc.)

Key steps to begin your hiring process

1) Determine initial staffing needs.

2) Find key staff members first. This includes any management or supervisory roles. It’s also a good idea to have someone that can float across different parts of the business to manage areas where you may be shorthanded.

3) A few well-placed advertisements will bring applications to you. Start interviewing these applicants immediately.

4) CAGE FITNESS was set up so that virtually any one could become an instructor. They could be male or female and the need to be a martial artist does not exist. Actually, you may find that martial artists are not the best instructors. It is more important to be a high energy, pleasant, fit person then to have martial arts experience.
Determining wages or salaries is a key issue to hiring and retaining valuable staff members. As a manager, you will quickly find that keeping turnover low, and maintaining a high level of staff morale is vital to your success. You will need to take a close survey of what other employers are paying individuals with similar skill sets or education levels. Establishing competitive salary guidelines before advertising any position, and relate those figures to what you have allocated for your payroll budget.

**Staffing Your CAGE FITNESS Program**

The CAGE FITNESS License is set up so that it can be owner run and operated or you can hire staff members. As the owner, you can choose to be the “CAGE FITNESS Instructor” that runs the day to day activities, as well as, the manager that operates the daily business activities. Once your CAGE FITNESS License is up and running, you may want to consider hiring one or two part time staff members to fill the position of CAGE FITNESS Instructor. This will free up your time and you can devote more hours to marketing and growing your program.

**Position Descriptions with Profiles**

**Manager - Job Description**

- Scheduling of entire staff.
- Must be able to perform any of the functions of the licensee
- Must do all the paperwork, including the End of the Month paperwork. Also train the assistants how to correctly complete the daily paperwork.
- Oversee the inventory going in and out of supplies and equipment.
- Promotions/Advertising – Must do daily tracking of all promotional activity.
- Tracking of the following: sales, customer counts, comps, giveaways, gift certificates, waste, overtime, costs of products, repairs and maintenance, among other things
- Employment problem solver, including hiring great people and firing poor ones.

**Manager - Character Sets** *(Manager is often owner)*

**Planning and visioning**

- Forward planning: This trait enables their staff to cope with frequent change.
- Being “on top of the detail” and meticulous: This trait provides comfort for both owners (who want to be assured the center is in safe hands) and for front-line staff (who want to know that their manager understands the implications of change and is able to provide advice and support).
- Able to organize the job set effectively rather than being obsessed by formal structures.

**Organizing and Connecting**

- Effective in securing adequate resources for doing the day-to-day work – evidenced in business planning, IT and staff training.
Staffing and Supporting
• Good at promoting team working and in communicating: these traits are often manifested in the personal style of the managers being approachable and having good listening skills.
• Securing the right level of staff resources, protecting and developing those resources.

Controlling and Challenging/Celebrating
• CAGE FITNESS managers comfortable, even relish, working in a performance and target driven environment: they tend to view performance indicators as relevant and meaningful to the service they are expected to deliver.

Manager - Leadership Characteristics
• While not visionary CAGE FITNESS managers are able to see the “big picture” with their feet firmly on the ground and focused on operational realities.
• They are champions of constructive change and enthusiastic about performance improvement.
• They foster good relations - often as a means of ensuring their center gets the resources it needs.
• They support their teams energetically – especially through training and planning ahead to prepare for change.
Chapter 4 - Office Policies

Image Décor & Theme

As a CAGE FITNESS Center, it is imperative to keep a clean environment. The center should always look and smell clean. The front counter/desk should be organized and free of clutter. Upon opening your business, it is important to set up a cleaning schedule that includes: mopping, sweeping, dusting, removing garbage, cleaning bathrooms, cleaning windows, and removing clutter. Your look is up to you, but we have some suggestions that will help keep your center looking cutting edge: There is no need for a Cage, but if there is a way to add a “chain link fence” to the background it will give it a “Cage” look. The Cage should be black (not silver) and in good repair.

Quality Standards of Services

CAGE FITNESS customers should have no doubt that they are getting quality training from your center. CAGE FITNESS recognizes that quality of our instructors is what separates us from the competition.

CAGE FITNESS’s “Quality Standards of Service” is a key element in our service strategy. Licensees must constantly aim to improve the quality of service delivery through implementing quality control measures, staff training, and ultimately focusing on complete customer satisfaction.

Service standards - a shortened form of the phrase "quality standards of service" - are more than service delivery targets such as timeliness and hours of operation. Customers are entitled to know what they should expect from CAGE FITNESS, how services will be delivered, what services cost and what customers can do when services they receive are not acceptable. These standards should include:

• A description of the service provided and, where applicable, the benefits customers are entitled to receive. (Clearly defined in their contracts).
• Service pledges or principles describing the quality of service delivery customers should expect to receive. (Adherence to our promises to the customer, SEE BELOW).

1) Each customer is our most important customer
We understand the needs of our customers and tailor our training to meet their needs. We treat our customers like family, addressing them by first names when they call and greeting them with a smile. We ensure complete satisfaction and often go above and beyond the call of duty.
2) **We make it easy for the customer**
We help customers take pride, comfort and satisfaction in their bodies and fitness levels. Thanks to the services we provide, customers know they have that much less to worry about.

3) **We stand behind our work**
We are experts at what we do. We have the tools and the training to deliver on the promises we make. We start each day with the desire to do it to the best of our ability. If we fall short, we work equally hard to make it right. We always look for ways to improve our performance.

**Benefits of Service Standards**

Service standards provide a practical way to manage performance and help shape the expectations customers have of CAGE FITNESS services. Experience suggests that services can be improved by:
- Being focused on customers.
- Finding out what customers consider to be critical aspects of their CAGE FITNESS experience.
- Giving managers and staff members the flexibility to respond to customer needs.
- Developing proper incentives to promote innovation and customer loyalty.
- Monitoring and analyzing performance against realistic goals and standards.

**Planning and Organizational Considerations**

Developing and implementing service standards helps insure customer satisfaction. Owners and managers must be prepared to direct and support their staff members. The implementation of service standards may or may not involve a committee, but someone must be responsible for the monitoring and delivery.

**Knowledge and Understanding are the Keys to Delivery**

- Know your business and mission.
- Know your budget
- Know what is affordable: what does it cost to deliver your services?
- Consult your customers, staff and stakeholders
- What are the most important features of the service you provide?
- What is your customers’ satisfaction level with this service? Collect baseline information on current service levels.
- What changes do your customers need or want?
- What are your customers’ expectations?
- What are your responsibilities?
- Empower and train service providers
- Train and equip staff to help customers, and let staff know what is expected of them.
- Train managers and supervisors in leadership and motivation.
- Communicate service standards and report on performance.
**Monitoring**

Monitoring is the process of keeping track of customer expectations and operational factors and adjusting service delivery as appropriate. Knowing where customers stand and how they feel about quality services should be a key priority. It allows a school, center, club or division of such to modify policies and programs to improve service quality. Monitoring shows both customers and staff members that the department is serious about assessing customer satisfaction to measure its performance. Data on customer service and satisfaction shows staff members the results of their efforts and help them focus on the essential purpose program.

**Service and Courtesy to Customers**

Our customers deserve the same level of quality, efficiency, value and professionalism that we would want for ourselves. We believe our company exists to sell products and services that serve a meaningful need for the customer. If we don’t believe each of these criteria is met, we won’t sell it.

The table below outlines our customer service standards.

| Excellence | • We will provide a quality product or service that meets or exceeds customer expectations.  
            | • We will measure our performance against the "best in the business." |
|------------|------------------------------------------------------------------------|
| Timeliness | • We will answer customer inquiries promptly, usually within 24 hours of receipt. |
| Responsiveness | • We will respond promptly to all customer requests in accord with our resources and capabilities.  
                             • We will acknowledge receipt of an e-mail, FAX, or telephone call within 24 hours.  
                             • We will cover the telephones at all customer-contact points during normal business hours. We will investigate and act to resolve customer complaints within two working days of their receipt. |
| Accessibility | • We will provide our customers with satisfaction surveys to assess their needs and contentment.  
                            • We will use the results of these customer surveys to improve our services. |
| Commitment | • We will be courteous, respectful, responsible, and professional at all times.  
                      • We will take responsibility for providing answers to customer requests to the best of our knowledge and skills.  
                      • We will make sure if we need to refer our customer requests that the person we are referring can provide an answer. |
Handling Typical Complaints and Problems

Customer Complaints:
Complaints should be handled with professionalism and control. CAGE FITNESS Instructors are the first line of defense when dealing with a customer. Clearly communicating expectations and updating customers on progress will go a long way towards avoiding complaints. If a mistake is made, quickly address the issue.

When dealing with an upset customer remember the following items:
• First try to fully understand the customer's complaint and see it from their perspective.
• If a mistake has been made, apologize immediately.
• Communicate how you plan to rectify the situation.
• If the complaint comes from a miscommunication from both parties, explain the situation and apologize for your part.
• There will be times when a customer is simply being unreasonable in their request. At this time you must decide if it is worth it to stand your ground. Negative word of mouth can spread fast, but you also must be able to recognize customers that are trying to take advantage of a situation.

Staff Appearance (Trade Dress) and Hygiene

Dress, grooming, and personal cleanliness standards contribute to the morale of all staff members and affect the business image CAGE FITNESS presents to customers and visitors.

During business hours or when representing CAGE FITNESS, you are expected to present a clean, neat, and tasteful appearance. You should dress and groom yourself according to the requirements of your position and accepted social standards. This is particularly true if your job involves dealing with customers or visitors in person.

Manager:
• Business casual dress or CAGE FITNESS Attire

CAGE FITNESS Professional’s (Instructors):
• Clean, workout attire with CAGE FITNESS Logo present
• CAGE FITNESS Cap is ok, but no visors or other caps
• Sneakers or workout shoes. NO sandals.

Please Note: You must be in clean attire at all times. If you work out or sweat during work hours; you must change into fresh, clean clothes.
All Staff Members should adhere to the following standards:
• Hair must be clean and dry, neatly arranged
• No excessive jewelry
• Body piercing jewelry should not be visible
• Makeup should look natural and enhance your appearance.
• Always look your best and work with a smile!

Hours of Operation
Every Schools, Club, and Centers Schedule will vary.

Visitors in the Workplace

To provide for the safety and security of staff members and the facilities at CAGE FITNESS only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards staff welfare, and avoids potential distractions and disturbances.

All visitors should enter CAGE FITNESS at the reception area. Authorized visitors will receive directions or be escorted to their destination. Staff Members are responsible for the conduct and safety of their visitors. Extra caution must be taken when visitors are in the equipment/material storage area of the business.

Computer Usage

Computers, computer files, the email system, and software furnished to staff members are CAGE FITNESS property intended for business use. Staff Members should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and email usage may be monitored.

CAGE FITNESS strives to maintain a workplace free of harassment and sensitive to the diversity of its staff members. Therefore, CAGE FITNESS prohibits the use of computers and the email system in ways that are disruptive, offensive to others, or harmful to morale.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.

Email may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-business matters.
Chapter 5 - Office Operation and Maintenance

General Housekeeping

A clean, well kept center will help project a message of professionalism. Regardless of whether your Center has a counter or front desk, maintaining a tidy workplace is important. A daily/weekly cleaning schedule with specific tasks should be developed and followed. Tasks include vacuuming, dusting, bathroom cleanup, trash, etc. Rest rooms need to be clean at all times. Develop a weekly cleaning schedule and ensure that it is followed.

Pre-Class Procedures

CAGE FITNESS staff members should arrive at least 15 minutes prior to the class. This will provide the necessary time to prepare for the class before the customers arrive.

Closing Procedures

1) Make sure all calls for the day have been returned.
2) Make sure daily reports have been completed.
3) Money/checks and credit card slips should be organized and accounted for and placed in a safe location
4) Center should be cleaned and organized
5) Set alarm (if applicable)
6) Lock all doors

Special Cleaning Procedures

| Special care must be taken to make sure mats or carpet and all workout areas are clean and safe for use. REMEMBER: Customers will be on the ground and it is important to make sure all areas of contact are kept in the best and cleanest condition possible. |

Duties and Responsibilities

The following responsibilities are various job duties that occur throughout the business cycle, and must be assigned within the company. This list is not comprehensive and your program will likely have a different set of responsibilities.
that are necessary for success. As your CAGE FITNESS Program grows the tasks will likely be delegated to other people within the company:

- Long term planning and direction. Are you a Master License? Would you like to become one?
- Strategic marketing (yellow pages, Google ad words, flyers, outsiders sales development).
- Business Accounting and Finance
- Human Resources
- Purchasing
- Legal affairs & Business Record Keeping
- Equipment
- Managing the sales process including administration, pricing, and competition.
- Press and Media Relations
- Banking

**Office Manager**

- Schedule - The schedule can be reviewed in a brief 15 minute meeting at the end of each day.
- Review schedule for following work day.
- Ensure instructors are available.
- Gather data from credit card processing machine. Remove receipt from machine.
- Lock all doors.
- Check and lock all windows.
- Make sure that no items of value are left outside overnight.

**Office Administration Major Activities Listing**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Details</th>
<th>Assigned</th>
<th>Frequency/ Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct annual strategic &amp; budget plan</td>
<td>Long-range planning for upcoming year</td>
<td>Owner/manager</td>
<td>ongoing</td>
</tr>
<tr>
<td>Yearly Business Review</td>
<td>Results from previous years business; report to company HQ</td>
<td>Owner</td>
<td>yearly</td>
</tr>
<tr>
<td>File Taxes</td>
<td>Complete Federal and State Tax returns</td>
<td>Owner</td>
<td>yearly - Jan for previous year</td>
</tr>
<tr>
<td>File Records; Purge old records</td>
<td>Keep current year records, plus 1 year in arrears</td>
<td>Owner</td>
<td>yearly</td>
</tr>
<tr>
<td>Perform Annual Equipment Review</td>
<td>Yearly maintenance and conditions report on all equipment; complete repairs</td>
<td>Owner/Instructors</td>
<td>yearly</td>
</tr>
<tr>
<td>Review insurance</td>
<td>Complete yearly risk assessment for health and</td>
<td>Owner</td>
<td>yearly</td>
</tr>
</tbody>
</table>

16
<table>
<thead>
<tr>
<th>Task Description</th>
<th>Details</th>
<th>Responsible Party</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review insurance levels for business</td>
<td>Complete yearly risk assessment for health and liability coverage</td>
<td>Owner</td>
<td>yearly</td>
</tr>
<tr>
<td>Analyze marketing plan &amp; results</td>
<td>Complete analysis of programs and results for direct business marketing</td>
<td>Owner/GM</td>
<td>monthly - adjust plan as needed</td>
</tr>
<tr>
<td>Staff performance reviews</td>
<td>Evaluate staff on job performance</td>
<td>Owner/GM</td>
<td>weekly</td>
</tr>
<tr>
<td>National Sales Meeting Participation</td>
<td>Plan for participation in national meeting</td>
<td>Owner</td>
<td>yearly event; begin</td>
</tr>
<tr>
<td>Local Fitness Shows</td>
<td>Plan for participation in fitness shows</td>
<td>Owner</td>
<td>local/regional events as needed</td>
</tr>
<tr>
<td>Review License Requirements</td>
<td>Renew annual license requirements as needed</td>
<td>Office Manager</td>
<td>annually as needed</td>
</tr>
<tr>
<td>Review Real Estate Needs</td>
<td>Review changes to lease agreements</td>
<td>Owner/GM</td>
<td>annually as needed</td>
</tr>
<tr>
<td>Update computer software</td>
<td>Review CAGE FITNESS software and office software for updates</td>
<td>Office Manager</td>
<td>check for updates monthly</td>
</tr>
<tr>
<td>Review security contracts</td>
<td>Evaluate and renew agreements for on-site security &amp; alarms</td>
<td>Office Manager</td>
<td>annually as needed</td>
</tr>
<tr>
<td>Run delinquent accounts report</td>
<td>Monitor for delinquent customer accounts</td>
<td>Office Manager</td>
<td>weekly</td>
</tr>
<tr>
<td>Manage supplies inventory</td>
<td>Monitor inventory levels on all supplies- retail, cleaning and office related</td>
<td>Office Manager</td>
<td>daily</td>
</tr>
<tr>
<td>Backup data on all files</td>
<td>Backup the hard drives for order, financial and sales information</td>
<td>Office Manager</td>
<td>weekly</td>
</tr>
<tr>
<td>Review Bank Accounts</td>
<td>Balance bank account balances along with QuickBooks</td>
<td>Office Manager/OWNER</td>
<td>weekly</td>
</tr>
<tr>
<td>Schedule cleaning service</td>
<td>Keep business cleaned including office and storage</td>
<td>Office Manager</td>
<td>monthly</td>
</tr>
<tr>
<td>Submit Requests to Owner</td>
<td>Process all requests including advertising, etc.</td>
<td>Office Manager</td>
<td>as needed</td>
</tr>
</tbody>
</table>
Alarms, Locks, and Keys

Keys and passwords to alarms should only be provided to managers or staff members who have demonstrated a history and/or trustworthiness. Periodically change the alarm password, especially after the termination of a staff member contract.

Inventory Levels

Each licensee will have different needs according to the size of their center and student count. All inventory levels should be tracked and kept in order.

Rest Rooms

It is important to maintain clean, well stocked restrooms. Develop a daily cleaning schedule and ensure that it is followed.

Safety

As a business owner, your first responsibility is to support a safe environment for both staff members and customers alike. You must make sure your workout areas are organized and clear of clutter. As a business owner safety must be job #1. Make sure all cleaning equipment is out of reach of customers (especially if children may ever be present), CAGE FITNESS bags, bands and other equipment is inspected for safety before EVERY class and all floor surfaces are safe, clean and appropriate for the CAGE FITNESS workouts.
Approved Vendors

The successful operation of your CAGE FITNESS Program will require periodic purchases of inventory and supplies. The following guidelines have been prepared in order to maintain consistency among the services and products we offer to our customers. All items with CAGE FITNESS logo must be purchased through CAGE FITNESS headquarters OR a CAGE FITNESS Authorized vender. Screening and/or burning logo is not permitted.

Approved Vendor Listing

<table>
<thead>
<tr>
<th>Category</th>
<th>Vendor</th>
<th>Sales Contact Number</th>
<th>Website</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGE FITNESS Dummies, Gloves and Bands</td>
<td>Century Martial Arts Supply</td>
<td>800-626-2787</td>
<td><a href="http://www.centurymartialarts.com">www.centurymartialarts.com</a></td>
<td>Call for Pricing</td>
</tr>
<tr>
<td>Apparel</td>
<td>CAGE FITNESS Headquarters (and Century Martial Arts Supply)</td>
<td></td>
<td><a href="http://www.cagefitness.com">www.cagefitness.com</a></td>
<td>Call for Pricing</td>
</tr>
</tbody>
</table>

All items with CAGE FITNESS logo must be purchased through CAGE FITNESS headquarters OR a CAGE FITNESS Authorized vender. Screening and/or burning logo is not permitted.
Chapter 7 - Administration

Record Keeping

CAGE FITNESS’s core competency is fitness training. Good record keeping is if nothing else responsible business. We implore you to keep good records in operation your CAGE FITNESS Program. The following information is general in nature intended to assist you in understanding the nature, importance, and process or good record keeping.

Introduction to Record Keeping

An appropriate record-keeping system can determine the survival or failure of your new venture. For those licensees already in business, good record-keeping systems can increase the chances of staying in business and the opportunity to earn larger profits. Complete records will keep you in touch with your business operations and obligations and help you see problems before they occur.

The Need for Good Records

Accounting records furnish substantial information about your volume of business, such as how present and prior volumes compare, the amount of cash versus credit sales and the level and status of accounts receivable. In addition, good accounting records help to accomplish the following tasks.

Monitor Inventory

While a large inventory allows goods to be delivered when they are ordered, too large an inventory represents an excess of investment. If your inventory does not turn over quickly, you may lose profits due to obsolescence, deterioration or excess investment. Any items removed from inventory for personal use should be set aside in a special account for two reasons: first, they need to be recognized separately for tax purposes and, second, including these items in business gross profit calculations can be misleading.

Control Expenses

Accounting records detail the amounts owed to suppliers and other creditors so that you can plan the availability of cash to meet your obligations. Such records also provide information regarding expenditures and allow you to establish controls over them. At all times, you must be aware of your individual expense requirements and how they relate to the overall picture.

Fulfill Payroll Requirements

Payroll is one of the largest expenses in your business. Adequate payroll records should meet the requirements of the:
• Internal Revenue Service.
• State department of revenue.
• Local department of revenue.
• Workers’ compensation laws.
• Wage and hour laws.
• Social security requirements.
• Unemployment insurance requirements.

For each of these categories you are required to provide annual reports and summaries. In addition, you must provide staff members with the W-2 forms needed to file federal and other income tax returns.

**Determine Profit Margin**
Good accounting records will indicate the Licensee’s level of profit, and provide specific information on the profitability of certain departments or lines of goods within your business. Such analysis is important to avoid continuing product lines far beyond their profitability. In most cases, you can avoid losses if you maintain current records and analyze the information from your records on an ongoing basis.

**Improve Cash Flow**
Good accounting records provide detailed reports of cash availability, both on hand and in the bank, and of cash shortages or the diversion of cash. Since cash is your most liquid asset, you must carefully account for it.

**Measure Performance**
Finally, good business records help you measure your business’s performance by comparing your actual results with the figures in your budget and those of other similar businesses.

**Requirements of a Good System**

The following criteria are essential to a good record-keeping system:

• Simplicity
• Accuracy
• Timeliness
• Consistency
• Understandability
• Reliability and completeness

**Insurance**
All CAGE FITNESS Licensees are required to carry liability insurance. In addition to Liability insurance you may carry other policies. For each policy, you should have the following information:

• Clear statement of the type of coverage.
• Names of individuals covered.
• Effective dates and expiration date.
• Annual premium.
• CAGE FITNESS, Inc. is to be additionally insured

Review your insurance policies on a regular basis. In addition, annually consult an insurance specialist, who will review the total insurance package to determine what coverage is appropriate and ensure that premiums remain in line with prior quotations.

Business Equipment

Keep an accurate list of permanent business equipment used on both a regular and stand-by basis. The list should describe the equipment and provide serial numbers, date of purchase and original cost. Keep the list available for insurance or other purposes. You will also need this information to prepare accurate depreciation schedules.

Collections and Accounts Receivable Management

Monitor Accounts Receivable on a weekly basis. Use your billing software to print out a list of all outstanding accounts. Review each case individually. Your software should track a customer from the moment they enroll and they are entered into the system.

-Notes on Customer Payment Calls:
• Call customer. Politely inform them that their tuition payment is delinquent. Remind them that you accept major credit cards if they would like to make a payment over the phone.
• If you cannot get a hold of them over the phone, send out a reminder your payment is delinquent card.
• You can also have your collection or billing company make delinquent calls
• If a payment becomes over 90 days delinquent, consider beginning the process of sending them to collections.
Chapter 8 - Marketing

Marketing at CAGE FITNESS

At CAGE FITNESS, an effective marketing program is essential to the prosperity of your business. The fitness industry is an advertising-driven business, and a large-scale initial campaign followed by a selective ongoing and continuous advertising is the key to sustaining business and generating new growth. At CAGE FITNESS, you will benefit from some level of national brand equity, the ability to use spokespersons name and likeness and from certain national or regional marketing and advertising efforts. However, many of the Licenses will be required to perform marketing and sales activities within local markets of operation. For that purpose, we will use this section of the manual to communicate ways to build an effective marketing and sales plan.

Marketing is a science and an art form. Companies across all industries spend billions of dollars each year to get their message out to potential customers who will buy their product or service. This is a science as many statistics are gathered about segmenting and targeting potential markets, and the results are very carefully measured in hopes of improving the results for the next campaign. Marketing is an art form in the way some products take off and their appeal spreads like a virus (hence the term viral marketing). This type of word-of-mouth advertising is very powerful because people are recommending your product to others they know. Regardless of what form of marketing program you take on, you can be sure to experience a unique set of results that you will need to monitor closely. As every marketplace is unique, and what works for one Licensee, may not necessarily work for another.

The goal of the marketing campaign is to make CAGE FITNESS synonymous with premier fitness. Therefore, every item which bears the CAGE FITNESS name must use company standard logos and collateral.

CAGE FITNESS™ Licensee Marketing Requirements

**Exclusive Use of CAGE FITNESS brands, logos, and Likenesses**

Approved marketing materials are offered by CAGE FITNESS, Inc. CAGE FITNESS, Inc. will not be responsible for any damages or claims resulting from your unauthorized use of advertising materials, including, but not limited to, the unauthorized use of music, song lyrics, stock photos, images, and testimonials/endorsements.

**Marketing and Compliance with CAGE FITNESS, Inc.**

CAGE FITNESS Licensees are prohibited from entering into any agreements with any other License or business and/or the service organizations pertaining to their business, or to use the CAGE FITNESS-owned trademarks, service marks, or...
logos, without first securing CAGE FITNESS’s written consent. Consent may be withheld for any reason or cause that is sufficient, including the need to ensure that information about CAGE FITNESS offices are consistent, accurate, and appropriately stated. In addition, CAGE FITNESS License operators are not permitted to establish or maintain any websites, or advertise on any Internet-related sites or activities.

Getting Started with your Marketing Plan

Before we can begin to understand how we would like to advertise and spend money, we must first understand the local marketplace to determine what the current business conditions are in the given geographical area where you operate your business

Key questions to answer about your market:

• How many competitors exist within the geographic area you will target?
• What type of services do they offer?
• What is their pricing structure?
• What are the strengths of the competition?
• What are the weaknesses of the competition?
• How are your competitors advertising?
• What methods are they using?
• What types of customers are in your area?
• Are there large residential areas or large industrial or office complexes nearby?
• What specific needs does each customer group have? What are common concerns for your customers?

The Process of Creating a Marketing Plan

Although a marketing plan can be very complex, multi-faceted set of programs and processes, we will take a look at a basic plan to fit our fitness center. Most college marketing textbooks start with the basics known as the 4P’s of marketing: product, price, place, promotion. In essence, your plan will focus on executing the basics of these four items. Your product is the access of personal trainers for the masses. The price you charge for this service is dependent upon the level of service, cost, and value the company provides. Place refers to the area that you want to sell this service: who will you target? And finally, promotion refers to the activities you will use to get the word out about CAGE FITNESS. While this is a very traditional look at what a marketing plan consists of, this formula has been proven successful time and time again.
While keeping the 4P’s in mind, here are the basic steps:

1) Collect information: We’ve already taken a look at the importance of understanding the market you will be serving.
2) Plan the campaign: Now that you understand your market, and the service you are selling, who can I use my resources to effectively draw customers to my business.
3) Implement the campaign: Execution of the plan is often the most difficult part of any business, and requires discipline, dedication, and a commitment to success. It also requires understanding the daily dynamics of success and failure and adjusting on the fly.
4) Reviewing as assessing the results: The proper formula for success will be a combination of trial and error with a careful eye on good business judgment.

Planning a Marketing Campaign at CAGE FITNESS

We’ve already discussed the exercise of market research, so let’s now focus on step 2 in the process: planning the campaign. The goal is to understand what forms of media are the most effective at getting our message out - given we are targeting customers who want personal fitness. First, we must raise awareness of the uniqueness of our training. Second, we must communicate to the public that we are the premier company to meet those needs. One way of looking at advertising is through various forms of communications. For example:

- The **written medium** includes the use of news releases, fact sheets, feature articles, newsletters, car flyers, door hangers, brochures and handbooks, advertising, white papers and books.
- The **spoken medium** uses face-to-face discussions, speeches, radio newscasts, news conferences, press parties, interviews, meetings and word-of-mouth exchanges.
- The **visual medium** includes television newscasts and appearances, videotapes, motion pictures, slides and filmstrips, transparencies, photographs, teleconferences, charts and graphs, billboards and other graphics.

Another way to examine types of advertising is to take a media approach. Marketing and advertising campaigns use media as a method of delivering a compelling message about your product or service. Types of media:

- **Print**: Probably the oldest form of advertising, and still very effective. Print can consist of direct mail, a magazine ad, newspaper ad, posters, flyers, etc.
- **Radio**: Radio is another form of advertising that has been around for many years, and is very effective at targeting a specific geographic area.
- **Television**: Most of us think of national broadcast networks or cable, but TV can be very effective for regional advertising, and give you the ability to segment your audience by channel subject manner.
- **Internet/web-based**: This is the newest form of advertising, but quickly becoming the most powerful. Many Licenses have elaborate websites that display product information, and also collect data and feedback from
customers. Paid web searching through concepts like search engine optimization (SEO) or pay per click is a powerful way to generate leads for your business.

- **Billboards:** This format will allow you to target many folks over a given time period in a geography that is very relevant to your business.
- **Electronic Media:** More businesses today are sending out sample CD’s, DVD’s and other forms of digital information to advertise business and services.

## Target Marketing with Selected Media

Now that we’ve taken a look at forms of advertising, we have to analyze our prospective customer base, and overlay the various forms of media to determine how we can “target market” with the most effective use of our budget. Throughout the operation of your business you will notice several distinct groups of customers that typically use CAGE FITNESS. In your local market research you will likely encounter a slightly different set of customers. Recognizing these different groups will allow you to custom tailor your response to best meet their needs. These groups can be divided into 3 very different target markets and their respective segments:

1. **Age**
2. **Gender**
3. **Fitness level**

Many companies focus on serving one market very well. As the adage goes, “you can’t be everything to everybody”. There is much truth to this in business. Companies that are able to serve a market or niche very well typically find more efficiencies over time, and become very effective with a given customer. Obviously, when building a marketing plan, the types of media used will differ depending on your target market. For example, advertising in a local business magazine would be great to lure commercial customers, but would not be effective for the residential market. And a billboard would not be effective for Government because all of government purchasing goes through an open bid process where the low bidder wins.

The summary for this section is simple: pick your target market, determine what forms or media or what medium is most likely to attract that target and plan a mix of advertising for those areas. Like most things in business, you must learn from results, and adjust your plan over time.

## A Closer Look at Various Forms of Media

Advertising can be a powerful medium for both drawing in new customers and building brand recognition in your community. Although there are many forms of advertising, the mediums described below can be very effective especially for CAGE FITNESS Licensees. Here’s a closer look at several formats:
Phone Directory (e.g. Yellow Pages)

For many fitness centers, their largest annual advertising expenditure is a “Yellow Pages” ad. After all, it remains a reliable method of attracting new customers outside of the word-of-mouth referral process.

Yellow Pages ads are often effective (but expensive) because they are different from traditional ads. With a newspaper ad, you are fishing for customers in the market for your specific service. With the Yellow Pages, they are already swimming toward you, trying to find the names of a gym or fitness center.

Many gyms/fitness providers believe that Yellow Pages ads are unnecessary because they have a steady stream of referrals. I challenge that assumption by reminding them that customers who may have been imprecisely referred to their company will inevitably look in the Yellow Pages to find the correct contact information. And if you’re not there, you just lost a prospect.

Local or Regional Newspapers

Newspaper advertising continues to remain a popular choice for service based businesses. Typically newspaper ad programs are placed over a significant time period to allow deep saturation of readership. Sunday papers have the highest circulation, but you are also competing with more ads. However, there has been a significant decline in the subscriber base for newspapers nationwide. Many papers have merged with the traditional cross-town rival to maintain profitability and offer a competitive vehicle for advertisers. So, costs to advertise in print have dropped. One of the most effective types of print advertising remains to be the coupon. Newspaper Advertising can be effective in building name awareness and generating some inquiries from prospects, although it can also be expensive. Even a small ad can run several hundred dollars per insertion. In general one ad is worthless. A series of 4 to 12 is needed to build interest and desire on the part of potential customers.

Marketing in Local and Regional Newspapers is a great way to start your Grand Opening Marketing Campaign. This can be a great alternative for new Licensees while they are waiting for the next printing of their local yellow pages.

Contact the CAGE FITNESS Marketing manager for assistance in setting up Local and Regional Newspaper advertising campaigns. CAGE FITNESS will provide all of the page copy and graphics needed to launch your campaign.

Direct Mail

Direct mail has shown to be an effective advertising medium for CAGE FITNESS. Advancements in technology now allow variable data printing, which means companies can target customers much more accurately than in the past. Through the use of digital technology, the effectiveness of direct mail has improved, while the overall cost per piece has declined. It remains one of the most effective ways to advertise for new customers or to existing customers that may be in your
database. Direct mail providers are now able to print advertising pieces that match customer data you may have collected during previous info calls. They can also canvas specific zip codes or integrate mailing lists of a very specific customer type—such as all the members of a Landlord’s association. This flexibility allows the advertiser to become very creative in crafting a message to his target market.

**Advantages:**
- **Targeting** - Historically, the most important aspect of direct mail was its ability to precisely target previous customers. If a suitable list was available, it also did a good job of targeting prospects. However, with the arrival of Email and the use of cookies on websites, organizations could have a dialogue with their customers via the internet far more cheaply and easily.
- **Personalization** - Direct mail can address the customer personally and be tailored to their needs based on previous transactions and gathered data.
- **Optimization** - Because of its direct accountability, direct mail can be tested to find the best list; the best offer; the best timing (and many other factors). Then the winning tests can be rolled out to a wider audience for optimal results.
- **Accumulation** - Responses (and non-responses) can be added to the database, allowing future mailings to be better targeted.

**Disadvantages:**
- **Cost** - The cost per thousand will be higher than almost any other form of mass promotion (although the wastage rate may be much lower).
- **Waste** - Large quantities of paper are thrown away (see below).
- **Alienation** - Some recipients resent direct marketing being "forced" upon them, and boycott companies that do so. Moreover, they may obtain Prohibitory Orders against companies whose direct marketing mail they find offensive.

Direct Mail Advertising is another great medium to start your Grand Opening Marketing Campaign. This can be a great alternative for new Licensees while they are waiting for the next printing of their local yellow pages.

Contact the CAGE FITNESS Marketing manager for assistance in setting up Direct Mail Advertisements. CAGE FITNESS will provide all of the page copy and graphics needed to launch your campaign.

**Internet Marketing**

Each year more and more CAGE FITNESS leads come from the internet, and more and more of our business transactions occur over the information superhighway. This trend is expected to continue exponentially for quite some time. While demographics certainly play a role, you will find customers that prefer to search Google instead of leafing through the Yellow Pages. Many lower income references come from the internet. Designing an effective and highly ranked website is difficult and time consuming and for most fitness centers; it is beyond their scope of interest and ability. For CAGE FITNESS, the company has
already invested significant resources to take advantage of the national branding. For a License this type of support is expected by the Licensee. After all, that’s one of the values in committing to a License.

In many businesses or industries a web-based advertising program is becoming the main focus of marketing funds, and one of the primary sources of new leads, accounting for a significant amount of all new business generated. Web related leads have the added benefit of producing high sales ratios because customers tend to be more informed and educated.

Internet Marketing in terms of website management will be primarily handled by the CAGE FITNESS web development team and will become a daily function of operating your CAGE FITNESS License.

Contact the CAGE FITNESS web development team for assistance in making revisions to your website.

| All CAGE FITNESS Licensees shall be listed on www.cagefitness.com |

Search Engine Optimization – SEO, and Pay Per Click – PPC

Generate local business leads via the internet. We have found that the internet is a powerful resource for marketing your CAGE FITNESS License. In some regions, up to 70% of all new customers are generated through internet marketing. To help you utilize this resource, CAGE FITNESS will dedicate a portion of the CageFitness.info website for your business. In addition to your CAGE FITNESS website it is essential that you establish a pay-per-click advertising program. Google Ad Words, Overture, and Yahoo Search Marketing are the three most powerful pay-per-click advertising campaigns available today.

Upon signing the License agreement we will begin to create your website on cageFitness.info. You will be sent a link, via e-mail, to your business page on the CAGE FITNESS website. This will include assisting in the setup of Pay-Per-Click accounts. After your account is setup, the ongoing maintenance and upkeep will be your responsibility. This will include setting a monthly budget, tracking results, evaluating the overall effectiveness of the campaign, etc.

Online marketing will become a daily function of operating your CAGE FITNESS License. Though you may have periodic campaigns that use specific internet resources, your overall web campaign will be a constant feature of your marketing program.

Contact the CAGE FITNESS Information Technology manager for assistance in setting up your website or pay-per-click ad campaigns. Additionally, a wealth of resources are available online with articles pertaining to search engine optimization, web site design, etc.
**Signage**

Given the nature of fitness based businesses, building signage has a relatively important marketing use.

Your business needs to be located in a highly visible/ desirable area. Placing your business in an area that has a lot of pedestrian traffic will likely increase the amount of business you do daily.

**Outdoor Advertising**

All signage must contain the CAGE FITNESS® Registered trademark logo including the ®. Submit all sign proposals to CAGE FITNESS® Promotional Director in the corporate offices for approval along with copies of regulating ordinances. Banners must be pre-approved by corporate office. They should contain CAGE FITNESS® colors and registered logo.

Check local ordinances regarding banners. Some areas only allow banners with a permit or for a limited length of time, some areas do not allow banners at all, and others do not have any governing rules. In the case where banners are not allowed, creativity is necessary, such as putting up signs/posters inside the windows. The banner rules frequently extend to other types of outdoor attention grabbers such as pennants and lights.

**Billboard Advertising:**

CAGE FITNESS’s position on Outdoor Ads

Too often, outdoor is passed over or is, at best, an afterthought to other more popular forms of advertising media. But that shouldn’t be, because outdoor offers a dramatic and effective presentation that can help fitness professionals project a strong image.

Outdoor billboards are seen all day, every day. They can’t be turned off like TV or radio, or thrown away like print materials. Outdoor will be there continuously, each and every time a commuter passes by that site in their vehicle.

Make a Meal of Leftovers

Billboard companies typically want customers to sign contracts that commit you to a particular board location for a set length of time, often 6 months or a year. But a more advantageous approach is to seek out their odds and ends around town and sign up to take the “leftovers” that they haven’t sold.

You can often get these currently unsold boards with a 30-day contract. But, many times there is no one waiting in line to take over the board and put up their ad after your contract expires. When that happens, the billboard company will usually leave your ad up because it is cheaper to do that than to paint over the board until a new customer is found. So, you can often get well more than a month’s worth of exposure out of your 30 days paid.
Keep the Message Short
Unless a board is in an area where traffic crawls at a snail’s pace and motorists have time to study everything around them as they sit and wait, your audience is going to have only a few seconds to see your sign and read its message.

That said, make sure that what you want to say is simple and easy to view. Your logo and/or name is most important – you want them to know whose ad it is, right? If you want them to know your location, make sure that it is easy to understand. “CAGE FITNESS, Serving Avalon Park” says it all, short and to the point.

Lettering needs to be clear and easy to read – capitalize first letters and lower case the rest. Provide adequate spacing between letters and words, since print has a tendency to run together from a distance. Colors of type and background should contrast for best readability.

Get the Most out of Your Messages
If you have the opportunity to use multiple boards, consider where they will be placed to determine how best to maximize their message potential. If the boards are on opposite ends of town or opposite sides of the highway, use the same message.

However, if you can get two boards on the same stretch of road, you can let them work together...perhaps using the first as a “teaser” for the second. Let the message you have on the first board leave them wondering about something that is “paid off” with the message on the follow-up board.

If you do enter into a long-term contract, consider changing your message several times throughout the year. Companies typically charge for the cost of having your boards changed, but perhaps you can negotiate some free or reduced rate re-working of your boards in exchange for extending the contract.

If you have the ability to change your messages in a cost-effective manner, you’ll be able to update your board seasonally. As an example, you can advertise for summer fitness and also for reaching fitness resolutions in the new year.

More than Billboards
In addition to billboards, outdoor advertising is also available on a smaller scale. Telephone booths, bus shelters, sidewalk ads, shopping mall kiosks and bus side panels are just some of the many places where ads have proliferated.

These types of media have helped advertisers target areas once unreachable by standard outdoor boards. In markets where billboards have been either outlawed or severely limited, these smaller options have blossomed to fill that void.

Costs are going to vary based upon the part of the country you are in, the number of billboards or sites (both total and available) in your area, and the desirability of the location you are seeking.
TV Advertising

*TV advertising is generally the most flexible and expensive of all media outlets. Because of the high expense associated with TV ads, they are often purchased with national marketing funds. If TV advertising will be a component of your marketing campaign, describe the requirements and recommendations here.*

Radio Advertising

One of the biggest benefits of radio is the ability to target a particular demographic segment. This is especially important if your industry focuses on a particular segment of the market.

Using the Local Press as a Marketing Tool

Press releases or interviews in a news story are a great example of using local press for a very cost effective form of advertising marketing. Because you cannot simply buy your way into a press release, you must first present something unique and newsworthy about your business. Are you offering a new unique service in the area? Are you offering a new product that strikes a chord with a segment of the population? Try to put yourself in the shoes of a journalist...what would you find interesting enough about your business to showcase it in the local news?

Association Memberships

Participating in local business associations such as a Chamber of Commerce or similar types of organizations memberships can be valuable methods for both networking and learning about related industries.

Miscellaneous Marketing Activities

**Conducting a “Grand Opening” for your program:** A "grand opening" is a great way to introduce a newly opened business to the community- especially if the License is the first of its kind in the area. It gives the public (potential customers) an opportunity to see your business first-hand and begin to understand your center.

Business Cards

Businesses have been using business cards for decades for a simple reason: it’s a great way for prospects and customers to have a reminder to call you. Every time that you interact with a potential customer, a friend or a new acquaintance, be sure to hand out your business cards. This method of advertising will cost you pennies on the dollar, and it’s a great way to establish credibility. Any business cards will be the responsibility of the Licensee. The Licensor will only be responsible for providing company logos and artwork.
Using Customer Databases Effectively

Keeping customer data is a great tool as your business grows and your marketing plan changes. Eventually, your business will begin to mature, and many of your sales will come from satisfied customers. A database is a tool to keep your company and customers informed about where you’ve been, and more importantly, where you’re going.

A database provides an excellent way to keep the history of a particular customer. Management can view account history for payment information, incident reports, and to see how the customers spending habits have changed.

Customer databases are also excellent tools that work well with other marketing tools like direct mail. Sending your database of key customers to a direct mail provider will allow them to mail a coupon to a select group of customers to increase sales. It will also allow you to market directly to customers that have not purchased any services from you. It’s a great way to revive cold sale leads.

Of course, the company must maintain the database, and keep it updated to ensure the company is realizing enough of a benefit from the cost.

Referral and Free Passes

Referrals and free class passes are the least expensive and often most effective ways to market for new customers. We recommend you use "Ground and Pound Bucks" as rewards for Customer referrals.

Executing Your Marketing Plan

Tracking Your Progress

After determining which methods will most successfully promote your message, you will need to develop specific goals and attach a timetable. Building a simple calendar that details each project within the framework of the total program. This simplifies tracking your progress, because you can check off each task as it comes up day by day. Let’s take a look at examples of daily, weekly, and monthly marketing-related goals.

Press Coverage:

- **Examples** include press release of new product or service, local newspaper article regarding interesting project, interviews by local news organizations, etc. Plan at least one activity per month to build interest in the industry as a whole and point customers to your business.
- **Competitor research**: Using the local phone directory and internet listings update your list of local competitors. Track changes in competitors service offerings, pricing, etc.
- **Review sales figures**: Looking for trends, establishing the success or failure of specific campaigns, etc.
Example of Quarterly Goals:

- **Direct Mailing:** Launch a direct mailing piece to customers within the database. While not necessary every quarter, consider a direct mail campaign to either general customers or targeted groups.

Marketing Pitfalls to Avoid

As we’ve explained in previous sections, marketing is both an art and a science, and there are no perfect solutions or products you can buy to magically enable you to reach your sales goals. But, there are some common mistakes that occur as a result of the trial-and-error process that is a result of learning what works. Some tips to keep your programs on track include the following:

- **Stick to your budget as best you can:** Spending too much money is easy when your means of advertising are not producing tangible leads that turn into revenue. Re-think the campaign. Do not continue to throw money at a campaign with the idea more money will make it work.

- **Spending too little money:** CAGE FITNESS Licensees that shy away from investing capital in advertising and marketing will never receive the proper exposure. Even if you don’t see an immediate return on your investment from a marketing effort you may see long term benefits when a customer remembers the company name or image.

- **Spending too much time:** Marketing campaigns can require a significant amount of your time. You must constantly evaluate the return on your time spent on each campaign. Each hour spent on a poor marketing campaign is time lost that could have been effectively used elsewhere.

- **Impatience:** Don’t assume that the week after your marketing has been set in place your phones will be ringing off the hook. Give your campaigns a chance to produce fruit over a period of a couple weeks and if nothing comes of it then rethink your strategy.

- **Misinterpreting Results:** Don’t assume that there is a lack of demand in a marketplace based on the failure of a marketing effort. Make sure that you are utilizing the right tools for the right audience. Remember to consult the Licensee section of the website for input on effective marketing techniques to your specific region.
Recording the Results of your campaign

The last step to consider is assessing the results of your campaign. When setting objectives, you should consider a method of tracking the results. For example, after launching a campaign promoting your business, each time a new customer calls you, ask them where they heard about your business.

There are several tools that can help decide which techniques are working and which are not. These include the Sales Tracker, Phone Form, etc. It is impossible to judge the success of any part of the advertising program without having numbers to back up your assumptions.

Each type of marketing effort will have different expectations of results. Direct mailings for example typically do not have higher than a 1-3% conversion ratio. Websites, door hangers and other types of advertising also have their own unique percentage of success. As you perfect your marketing campaign you will begin to set a baseline of expectations for each component. This will ensure that you direct your efforts to the most effective channels possible.
Chapter 9 - Sales and Pricing

Introduction

Without sales, even the greatest idea is destined for failure. The following information is provided as a starting point in the development of a successful sales campaign. Each region and License will require a custom tailored technique to achieve the most effective results. A significant part of your time and effort will be spent developing, implementing and refining the sales process.

Phone Selling

Mastering phone selling will help grow your business into a profitable entity as well as convey professionalism to potential customers. When discussing the services that CAGE FITNESS provides it is essential to initiate and thus direct the conversation towards making an appointment and provide the customer with just enough information to get them in the door. People who call inevitably have more questions than should ever be answered over the phone so it is important to recognize what information needs to be given over the phone and what information can wait until they come in the door.

Regardless of the type of customer you are dealing with you should always ask a few key questions that will guide you in understanding what the customer not only needs but wants.

Phone Scripts

Below is a sample phone script demonstrating a CAGE FITNESS staff member and a potential customer. The customer is introduced by a “C” and the CAGE FITNESS staff member by an “E.” Also note the key phrases listed throughout the script. These are statements that a customer will mention during the course of a conversation.

Sample Script:

E: It’s a great day at CAGE FITNESS, this is (your name) speaking, how can I help you?

Scenario 1: Pricing Request

C: “I’d like to know how much you charge for a membership.” Or “How much do you charge?” Or, “What are your prices?”
E: Let me first start by taking down some basic information and then I will give you an idea of our different programs.
C: Okay.

Customer Information:
E: What’s your name?
E: And your phone number in case we get disconnected?
E: And how did you hear about us?
E: Are you inquiring for yourself?

Setting the Appointment:
E: Are you familiar with our trial programs?

If yes:
E: Wonderful, then you are familiar with our __________ special.
E: What day would be good for you to come in and try a session?
E: Great, and what time would you like to reserve?

If no:
E: Ok, let me take a moment to explain our trial offers.
E: Here at CAGE FITNESS we offer a ____________ special (explain special) for you to get a chance to try our training and see if it is right for you.
E: We do these trials on an appointment only basis.
E: What day would you like to come in and try a session?
E: Great and what time would you like to reserve?

After Appointment is Set:
E: Ok, it was great speaking with you (use name). We will see you ____________ at ____________.
E: Do you know where we are located?
(Regardless of answer state location to ensure they are correct)
Up Selling For More Profit (Upgrades)

If you and your staff members aren't trained on effective ways to up sell, chances are you either offend customers by being too pushy, or leave money on the table that customers would have willingly spent with you. Either option is costly.

Billions of dollars are “left on the table” each year because companies are not using a tried and true method of up-selling. Up-selling refers to when you help a customer decide to buy a little extra or "up-grade" slightly the final purchase. A car dealer, for example, might inform customers at the time of ordering about upholstery protection and undercoating. A shoe salesperson might suggest that when you buy a pair of shoes that you also use some weather protectant spray. At Company ABC we always suggest that our customers get their screens cleaned after their windows have been cleaned. These are usually small purchases that the buyer doesn't have to put a lot of thought into. The bonus is they can significantly add to the bottom line of your Company ABC License.

Why Up Selling is so Profitable; THE UPGRADE

Consider this example. A customer buys a car with monthly payments of $395. With that size of investment, there's very little resistance to adding $2 to the monthly payments for upholstery protection. For you, however, that additional sale is significant, as over 48 months it adds up to a $98 sale, with a huge profit margin.

Some would say that a $98 sale on a $25,000 vehicle is only a minimal increase in the overall sale. Why waste your time? The argument is that if it only takes 30 seconds to make that extra $98 sale, then you're making more money for the company than with any other activity you do. If your salary is $20 per hour then doing the math, the 30 seconds you take to up sell costs the company about 17 cents. If it only costs the company 17 cents to make $98, that's a huge return on investment. The fact that it's attached to a $25,000 sale is completely irrelevant. So, up selling is one of the highest and best uses of your time.

Up selling Should be Easy

The best part of up selling is that it's practically effortless. Since it's done after the customer has decided to go ahead with a major purchase, the hard part of the sales conversation has already been done. You've already established rapport, identified needs, summarized, presented benefits, asked for the order and handled objections. Up selling is just presenting the information in a "by-the-way" assumptive manner.
The 3 Biggest Mistakes in Up selling

1) No attempt is made to up sell.
2) The salesperson comes across as being pushy.
3) The up selling is made in an unconvincing manner so the customer generally refuses.

Referrals

Customers gained by referrals are the most dependant and easy to deal with of any customer. It is important to capitalize on the goodwill generated by properly servicing your customers. A happy customer is more powerful than the most well engineered marketing campaign.

There is nothing wrong with asking your customers for referrals. In fact, at CAGE FITNESS we train our staff members to ask for referrals upon enrollment.

Trust is Key

The reason referrals (and their cousins, testimonials) are so effective is because they carry immediate credibility. If your dentist recommends an orthodontist for your kid's braces, you're much more likely to act on that referral than if you hear an orthodontist's ad on the radio or get a flyer in the mail.

The price tag for the referral might have been a lunch, a phone call or the cost of attending a conference. But buying advertising airtime or producing direct mailers racks up significant dollars — and typically results in much lower response rates.

If you want to develop referrals and testimonials, which are more public and generic forms of referrals, try using these tactics:

Don't forget to ask:
Many people believe that doing a good job is all that's necessary to generate referrals. Even when your CAGE FITNESS customers are terrifically satisfied, they forget to refer business mostly because your needs are not on their minds. CAGE FITNESS Licensees should be in the habit of asking every satisfied customer if he or she knows somebody who would also appreciate their services.

Wait until customers are happy:
Going the extra mile can pay off big time. A recent study conducted by NRS Consulting, a Madison, Wis. research firm which specializes in home building, found that service providers that rated 91% or better in customer satisfaction garnered six or more referrals from previous buyers, while service providers with ratings of 67% or less got nary a one.

Every time you get positive feedback, you have an opportunity to ask for a referral.
Don't worry about rejection:
There's nothing wrong in asking for a referral. Not everyone is going to need what you are selling, but a quality product has a market. Ask. Ask. Ask...

Flatter egos:
Make a big deal about a referral or testimonial, so customers know how important it is for your business.

Invest in customer relationships:
Keeping your best buyers up to date is a sure route to getting referrals. You can, for instance, use Microsoft Office Small Business Edition 2003 to integrate customer contact and sales information. Within Microsoft Office, Outlook 2003 with Business Contact Manager can help you follow up on leads and opportunities. Also within Office, both Publisher and Word allow you to create cost-effective cards and mailers, which can be saved as templates.

Office applications enable you to conveniently build a customer database to send out a variety of timed and appropriate customer communications, whether surface or e-mail, including:
- Holiday greetings or event invitations with discount or premium offers that have a sweetener if the buyer refers a new customer.
- Press releases about company growth or changes, so customers feel valued and in-the-loop when you later call to ask for a referral.
- Monthly or quarterly newsletters or e-news about your industry, which include a feature about the reciprocal benefits of referrals or a coupon that rewards recommendations.
- Thank-you notes when a customer buys your refers someone or, if it's a big-ticket item, on the anniversary of a contract. Then call a week later to ask for a referral. Do not ask for referrals in the thank-you note—it will drain all the gratitude from your message.

Join a networking group:
Trade associations and professional organizations are good places to generate referrals. Don't forget community service or religious groups, the chambers of commerce and charitable organizations. There are also groups specifically set up for referrals, such as Business Networking International which has local chapters around the country.
Group Presentations

Group presentations are very helpful in gaining recognition in the community. See Chapter Marketing and Sales Promotion for more details on presentations.

Pricing Policies and Fee Structures

(These are examples only)

Researching your competition will provide valuable insight into determining how to price your services. Your company will not need to lowball competition in order to win customers. CAGE FITNESS has worked hard to create a cutting edge professional image that will allow for competitive pricing. The services that you provide will often be a cut above the competition given your education, training, and strict adherence to the principles of CAGE FITNESS.

1 Year Program

1st member

$99 for the first month
Includes CAGE FITNESS Gloves, t-shirt, referral passes plus 1st month tuition

$49/month includes 2 training sessions per week.
Or

$59/month includes unlimited sessions per week.

Family Discounts

2nd member

$99 for the first month

$49/month includes 2 training sessions per week.
Or

$59/month includes unlimited sessions per week.

3rd member

25% off everything

$36.75/month includes 2 training sessions
Or

$44.25/month includes unlimited training sessions.
Chapter 10 – Use of Trademark

Trademark Usage and Guidelines

The license agreement gives you the right to operate a fitness program under the Names and Marks. You must follow our rules when you use our Marks. You may not use any of our Names or Marks (or the names and marks of any CAGE FITNESS company) or derivative thereof as part of your corporate name or with modifying words, designs or symbols, except for those we license to you. You may not use any of our Names or Marks for the sale of any unauthorized products or service or in a way we have not authorized in writing.

You may not directly or indirectly contest our right to our trademark, trade secrets, or business techniques that are part of our business.

You may not do anything that may devalue the name or Mark.

On February 5th, 2008, we filed an application to register the service mark “CAGE FITNESS®” on the principal register of the United States Patent and Trademark Office (USPTO). On February 5th, 2008, we received registration of the service Mark in the United States Trademark Office. All affidavits required to preserve and renew this Mark have been filed. There are no agreements limiting our right to use or license the use of our Names and Marks. If you learn of an infringement or challenge to your use of our Names and Marks, or unfair competition with your use of our trademark, you must notify us immediately. We will take the action we think is appropriate. We are not obligated, by the License agreement or otherwise, to protect your right to use any Names and Marks. However, we will protect you against claims of infringement or unfair competition that might be made against you from your use of our Names and Marks as long as you are using them properly. We may, in this situation, take any action we deem appropriate to handle the claim.

There are currently no effective determinations of the U.S. Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, or any pending infringement, opposition or cancellation proceedings, or any material litigation, involving our principal Names and Marks.

We may adopt new Marks at any time, or change our existing Names and Marks. If we adopt new Marks, or change our existing Names and Marks, you must use the new or modified Names and Marks, and discontinue the use of any Marks we decide to change or discontinue. We will give you sufficient notice to allow you to use any trademark stationery and marketing materials you bought in the last 90 days that will become obsolete or, at our option, we will purchase those materials from you at cost.

As a CAGE FITNESS License, the Names, Marks and Trade Secrets associated with the business are critical to the success of your business. It is important to carefully protect these, following the guidelines outlined in the License
Agreement. Remember that you should not use the Names or Marks associated with CAGE FITNESS as any part of your legal name.

Your key staff members who will have access to any of CAGE FITNESS’s trade secrets are required to sign an employment agreement containing non-disclosure and non-compete covenants for a reasonable period of time before during, and after employment.

Examples of Trademark Misuse

- Use of the mark in your corporate or other legal name.
- Using the license or trademark to incur or fulfill and obligation or indebtedness.
- Use of the trademark in any manner that is inconsistent with the provisions of the license agreement without the express written consent of CAGE FITNESS.
- Identifying yourself, business, or legal fiction as the owner of the trademark.
- Failure to identify yourself as a “licensee of the trademark” on any invoices, order forms, business stationary, receipts, or other printed material used in the operation of the Licensed business.

Examples of Trademark Misuse

Licensee may not change or alter any spokesperson or model’s picture or name. Licensee may not use approved pictures/ads, etc. as provided by licensor.
Special Marketing Note:

Take advantage of your Cage Fitness™ National Spokesperson Matt Hughes!

Play the looping DVD provided in this kit. Matt welcomes your clients to your Cage Fitness Licensed facility!