

# A CROSSFIT CROSSROAD

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**“Business is the art and science of providing uniquely attractive opportunities for other people.” Greg Glassman, founder of CrossFit, Inc.**

On a cool January morning in 2011, Miles Davis gazed around his CrossFit gym. Compared to many health clubs and fitness spas, the interior was bleak. The old school exercise equipment was primitive, and he loved it. Davis founded his gym in 2009 in the Atlanta suburb of Smyrna, Georgia, and soon his efforts were producing measureable fitness results for his clients. However, the growth of his gym’s revenue lagged far behind his projections. After fourteen months in operation Davis had only 36 clients. And he did not have the cash to pay his January rent. To stay in business, he had to find ways to grow his client base.

## Growing up

As a child, Davis had always dreamed of a career like his father’s. While most of his family, including his mother and grandparents were teachers, his father had been a successful businessman, beginning as an IBM salesman. Davis had imagined himself carrying a briefcase, working in an office as a white-collar executive and retiring after 35 years with the same company. The last thing he thought he would ever do was to start his own business.

At school, Miles Davis was a good student, working hard and participating in many sports. Although never a star at any particular sport, he was always a good player and he loved athletics. He attended the University of Georgia and consistent with his career plan, he graduated with a major in business. He particularly enjoyed marketing courses. Branding was a topic that he had found especially intriguing and his biggest takeaway from college. Upon graduation he took a sales position with Philips Electronics. He was successfully moving along his father’s career path. Davis enjoyed the work and he was good at it. He also continued his interest in athletics, investing time and money in his personal fitness. Being young and single, he was able to afford a personal trainer whom he paid \$500 a month to help him achieve a very high level of physical fitness and energy. Yet, over time he became bored with the predictable exercise routines.

## The CrossFit Craze

In the fall of 2008, Miles Davis had travelled to Las Vegas for a friend’s bachelor party. Sitting around the hotel pool, he happened to pick up a buddy’s magazine and read an article in *Muscle and Fitness*<sup>1</sup> that literally changed his life. The story, entitled Sweat

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Storm, described a new approach to exercise. It was called CrossFit. He remembered thinking the ideas made sense and really captured his imagination. Created in 2000 by Greg Glassman, the CrossFit approach was truly an innovation in the exercise industry. Glassman's philosophy centered on creating excellence in fitness training, rather than successful business practices <sup>2</sup>.

Glassman supported his CrossFit approach with a scientific definition of fitness, and a reasoned methodology to achieve it. His standard mantra was that only "constantly varied, high intensity, functional movement" guaranteed genuine fitness. CrossFit gyms soon became an extremely innovative and exciting new type of exercise regimen and an emerging business opportunity for local gym owners. Although there were detractors, including some who insisted the workouts might be dangerous (Cooperman 2005) <sup>3</sup>, the number of CrossFit gyms grew very rapidly within a few years <sup>4</sup>. CrossFit-related YouTube videos generated hundreds of thousands of viewers. Among the distinguishing characteristics of the CrossFit model were the following six points:

- 1) Workouts were intense but relatively short. Even successful competitive athletes found the CrossFit sessions very demanding, despite their high level of fitness. Some CrossFit gym owners catered to these superior athletes, while others were open to individuals who are nothing like the elite performers—those individuals who were decades older, had physical limitations, and were not competing at the highest levels—or in fact, at any level at all.
- 2) The workouts were typically done in groups, as communities of CrossFit enthusiasts that arose spontaneously when people exercised together. Like the neighborhood bar in the TV comedy series, *Cheers*, CrossFit centers became places "where everybody knows your name." Group were very welcoming, and over time strong emotional ties bonded members together as they encouraged each other in their struggles to better themselves. (See Figure 1.) Members also held each other accountable and "they won't let you quit" to quote CrossFit members. Daily workouts were carefully composed into rituals with the names of women, like Fran and Angie, or heroes like the SEAL Michael Murphy whose death in combat was portrayed in the film *Lone Survivor*.
- 3) The workouts used a variety of different moves. Glassman had been a gymnast. He discovered that by lifting weights, he could increase his strength, and by becoming stronger than peers who only used body weight for resistance, he could perform better. Therefore, the basic barbell exercises: the squat, the press and the clean and jerk, were combined with rope climbing, pull-ups, push-ups and an array of other movements to work muscle groups. The goal was to develop general, functional fitness rather than a specific skill.
- 4) CrossFit gyms had a retro style with no mirrors or chrome-plated machines. The idea was a bare-bones facility: the gyms, called boxes, were clearly not health spas. The equipment too was simple: kettlebells, medicine balls, climbing ropes, Olympic weights and even massive tractor tires.

5) Feedback and progress were captured on a whiteboard. Scoring was accurate and immediate. Individuals competed against their personal times to complete the workout. (See Figure 2.)

6) With the increasing incidence of obesity and other health issues, many Americans began to realize that physical fitness was a highly desirable lifestyle and many people were seeking better solutions. Experienced exercise enthusiasts, like Miles Davis, became interested in the CrossFit experience. The CrossFit model primarily targeted the segment of fitness enthusiasts who were dedicated to improvement and willing to invest substantial sweat equity and money for results. The cost of CrossFit coaching placed the product at the high-end of the market. While big box gyms like Planet Fitness attracted over 80% of the potential customers by offering monthly rates at \$25 to \$35 per month, CrossFit was priced at well over \$100 (Bachman, 2016).<sup>5</sup>

CrossFit gyms were not franchises: they were affiliated gyms. Greg Glassman owned the CrossFit name and brand (Forbes, 2015)<sup>6</sup>. Glassman's primary role was to provide certification for coaches. To become a CrossFit, Inc. affiliate, certification was mandatory and affiliates paid an annual fee of \$2,000 to \$3,000 and received insurance benefits and access to a network of other owners who might share their expertise.

Glassman also owned the relationship with ESPN and Reebok that produced the television show, *The CrossFit Games*. The CrossFit Games appeared on television in 2007 to provide a place for the best CrossFit athletes to compete against competitors from around the world. The incredibly challenging competitions created public awareness of CrossFit, although to most people, the Games portrayed CrossFit as a daunting activity suitable for only a handful of young, elite athletes.

Unlike franchises, CrossFit was an open source model, meaning Glassman's exercises routines were not a secret. They were readily available online in video demonstrations. And while franchises provided systems and manuals for franchisees, instructing them on how to build and manage their business, CrossFit offered only the informal network of other CrossFit affiliate owners. There was no handbook of best practices. Finally, CrossFit, Inc. provided no exclusive territory, which meant affiliates could encounter unanticipated competition if another CrossFit affiliate located nearby.

## **Apprenticeship**

In January of 2009 Davis committed to learn all he could about the CrossFit fitness system. He found a CrossFit gym, offering a free trial session. He recalled, "In ten minutes I got a better workout than I had in an hour in other exercise programs. He was hooked. He loved the hard work and results. And even, he admitted, the secret Fight Club mystique. He felt like a super-hero in plain clothes. CrossFit matched his fitness and social needs perfectly.

A month later his company gave him the opportunity to work from his home. While that sounded ideal to many of his co-workers, Davis soon felt isolated, sitting alone talking by phone to customers. A friendly extrovert, he drew energy from people and he missed

frequent social interactions in his life. Soon his CrossFit workouts gave him a circle of people who shared his passion for fitness and Davis began competing successfully in regional CrossFit contests.

He decided to deepen his involvement in CrossFit by taking the two-day instructor certification course. When Davis flew back from Orlando after receiving his certificate he felt pride in his knowledge and ability to coach clients to perform the CrossFit exercises safely. He began working as a coach in the evenings, while still performing well at his solitary “day job.” Several of his peers, coaches like himself, left to start their own gyms, sparking Davis’ interest in owning a gym. They reported enjoying their new roles and being successful as the CrossFit phenomenon blossomed and more people sought this unique fitness experience.

## **Entrepreneurship**

Through the spring of 2009 Davis began to study the gym business. He learned it was a large and diverse industry with as many as 50 million Americans belonging to athletic and conditioning facilities. Variations include yoga and bodybuilding studios, martial arts *dojos*, and weight-loss clubs. The CrossFit model offered a coached strength and conditioning experience: it clearly did not sign-up large numbers of members to long-term contracts to lose a few extra pounds.

In previous decades, health club chains routinely sold two-year membership contracts to customers who were led to expect that low effort workouts would produce rapid results. When fat didn’t magically melt away as advertised, members stopped using the facilities. In fact, if more than a small fraction of the gym’s members tried to use the gym at the same time, there would be no room for them. However, experience showed they simply quit coming. Therefore, health clubs could and did oversell their capacity. While these health clubs were often financially successful, the model created a negative image for the fitness industry.

A specific type of workout differentiated many gyms. Some offered Pilates and others featured swimming pools or Nautilus machines. Gyms provided group classes or individual workouts monitored by a computer, which recorded the individual’s progress.

Davis began to imagine opening his CrossFit gym in the southern end of Cobb County. Over the next year he collected information and studied how CrossFit gyms worked, especially their revenues and costs. But CrossFit did not provide training on how to market to clients and build a business. For that he would rely on his peers, family background and his ability to work with people. He wrote a business plan from a general template he purchased. His crafted a business strategy for CrossFit South Cobb with six points. His plan was to:

- Follow marketing strategies used by successful CrossFit affiliates.
- Show clients’ measurable results to demonstrate the value of a positive, supportive gym experience.
- Build an effective and user friendly website.

- Offer free trial “Beginner Passes” to generate traffic.
- Deploy street signs and banners to create neighborhood awareness.
- Most importantly, earn referrals and generate positive word of mouth.

## **The Business Model**

Clearly, the positioning of CrossFit did not compete with the ten-bucks-a-month gyms any more than a high performance sports car competed with a small, no frills, basic sedan. Fortunately, there were no big box gyms close to the area Davis was targeting, the southern part of Cobb County. And in addition, the nearest low-cost gyms had received poor customer reviews for cleanliness and courtesy.

Davis described his target market in his business plan very broadly as business executives, housewives, firemen, elite athletes, children and grandparents, but without further elaboration. He understood that CrossFit’s unique value proposition was based on offering supportive group classes with state-of-the-art coaching for a high-end segment of customers seeking strength and conditioning improvement. Consequently, Davis based his revenue projections on pricing at \$150 a month for a single membership and \$250 for a family membership. The CrossFit owners and members believed their fees reflected an accepted understanding that the best is worth more, and Davis’ clients rarely mentioned price. In addition, first responders such as police, emergency medical technicians and firefighters, and for active duty military, would receive a 10% discount. Davis would also conduct personal training sessions at \$65/hour for one-on-one and \$100 per hour for two people. From other gyms he learned that personal coaching would be negligible initially, but as clients encountered unique fitness plateaus, they tended to seek coaching, which added significant revenue.

Two facts were immediately clear in Davis’ business plan. Rent for the facility would represent his highest fixed cost and the revenue generated from his gym’s satisfied clients would be the key to making his gym a success. The CrossFit gym model was not based on selling memberships. Since there was no long-term contract, a successful CrossFit gym must retain loyal clients by proving its value each month, and revenue from an increasing number of clients became Davis’ vital measure for the health of his business. Furthermore, the more clients were very satisfied, the more opportunities existed for positive word of mouth advertising. Davis said, “My main metric in the beginning wasn’t financial and it definitely wasn’t satisfied customers, I needed to earn raving fans to establish an outstanding reputation and create referrals.” (See Figure 3.)

Davis built his revenue forecast for client growth from the experiences of two peers, who had opened their gyms six months earlier in the early spring of 2009. His long-term objective was to establish and sustain a client base of 95 clients and add coaches like himself. Peer gyms, like CrossFit Peachtree and CrossFit East, had gained 20 clients in 40 and 30 days respectively. One gym then grew to 50 clients in only three months, while the other took five months. Both neighborhoods had been slightly more affluent and had opened earlier in the recession.

Davis planned to launch his CrossFit in September of 2009. He set an initial goal at achieving 45 clients by March 2010, seven months after opening. That number of clients at a minimum

average rate of \$120 would generate revenue of \$5,400 each month. When asked about his financial goal, Davis admitted it was to be able to pay the bills. He figured that revenue target would be enough to get started.

Because his sales job gave him flexible hours, and CrossFit classes were typically conducted in the early morning and evening, Davis planned to instruct each new client one-on-one, and to lead all classes personally. Yet this schedule would not require him to resign his corporate position in the early months of the business.

## **New Developments**

Happily, Davis met and fell in love with Deanna. She believed in the CrossFit concept and encouraged him to pursue his dream. One day in May 2009 she visited his home and did not see any sign of his usual collection of materials about CrossFit gyms. She asked him if his feelings had changed about opening his gym.

He explained, “From my analysis of the business, I realized that it is a big commitment, requiring a \$50,000 investment. I’m not sure I can find that amount of money.”

Deanna asked, “Miles, is this what you really want to do?”

“If I won the Lottery,” he confessed, “this is exactly what I would do.”

Deanna’s response was emphatic. “Miles come on! You have to do this. We can work it out together.”

In the summer of 2009, Davis went on a church-sponsored trip to Honduras. The mission was to help the local congregation to build a new church. The work was hard. The crews worked half the day, and then helped in other ways. Davis taught Bible stories to the children, a task he was happy to do since he had taught Sunday school to the youngest children at his church in Atlanta. A church survey of his spiritual gifts had shown that Davis was an excellent teacher, a fact strongly confirmed by his experience with the children in Honduras. This experience reinforced his belief that he would be successful teaching CrossFit to his clients.

In CrossFit’s early days, a school model had proved viable. Craig Patterson pioneered a teaching approach when he launched CrossFit’s fourth affiliate in Vancouver, Canada. When city officials refused to let him open a gym, Patterson responded by describing his CrossFit box as a school, teaching fitness techniques to all. Provincial authorities were persuaded and granted Patterson a school license.<sup>7</sup>

With a firm religious belief that his life had a purpose, Davis felt a sense of direction in the events that had brought him to fitness education. Furthermore, he believed his experience as a professional sales representative for a highly respected international firm had given him three attributes: 1) sales skills and a low six figure income at the age of 27. 2) He had the discipline to focus on each day’s goals, along with the tenacity to work diligently to overcome problems. And 3) he was confident he would succeed.

## **Launching CrossFit South Cobb**

During the summer of 2009, Miles Davis prepared to launch his business. His first task was to find a location for his CrossFit box. CrossFit was a fitness program for a niche market willing to pay for a science-based program with group support, and personal coaching and Davis believed the economy and demographics of Cobb County seemed a good fit for CrossFit. The recent census data showed the Cobb County's population of 680,000 was young with a median age of 35. 4 years. Seniors over 65 years numbered 60,000, roughly 10% of the population. Cobb County had five high schools, which enrolled over 10,000 students and offered as many as eleven different sports with teams for both boys and girls, suggesting the community was sports-minded.

More importantly, Cobb was an affluent suburb of Atlanta. Its economy had specialized in professional, scientific, technical services and management. But clearly, the recession had hurt the Cobb economy. In 2008 the median household income had been \$77,800, but in 2010 the local business community estimated Cobb's average income had dropped to a little above \$65,000. Unemployment stood at 4.7%. Although the problems were less severe than in other communities, Davis realized this decrease in income might reduce his market and was a realistic concern.

He sought a location apart from his former gym in north Cobb country, and looked for an area with no other gyms nearby. After studying a map of other CrossFit gyms, he spotted an opportunity. He identified a neighborhood more than five miles from any competing gym. His location planning map is presented as Figure 4.

His research on the people within a three-mile radius of his planned location showed a total population of 92,041 with 68,924 people over 21 years old. The median age in south Cobb was 34 years and the average household income was \$65,924. After investigating the demographics of south Cobb, he decided this area could support his gym. And because he needed only 100 members for his CrossFit gym to very successful, he was not cautious but not worried. "I thought three yard signs would get me all the clients I needed. The city of Smyrna quickly picked up my signs. Seems they didn't appreciate advertising," he laughed.

Soon he found the type of property that had specific features he needed for a CrossFit gym. The building provided 4,700 square feet of industrial space with a bathroom and an area for an office. The landlord intended to add a second bathroom in June 2010. The ceiling was fourteen feet high, enough height for rope climbing, and gave the space an open feel. It seemed to be just what he needed, but Davis feared it would be too expensive. When he approached the landlord to discuss price, he learned that because the real estate market had fallen into steep decline, the property owner was willing to work with him. That translated to a low initial fee with a plan for escalating rent payments as Davis' clients increased and CrossFit South Cobb's revenues grew.

A second problem was finding money. Davis' business plan required \$50,000. The money would go primarily to buy equipment to outfit his gym. Unfortunately, he had only

\$30,000 in his IRA and therefore approached banks for the other \$20,000. In 2009, CrossFit was still a new concept and the track record for this type of business was unknown. Fewer than 1,000 CrossFit gyms existed globally. Since each was an individually owned and operated affiliate, there was no central franchise to use as a model. And in fact, some wealthy owners opened their CrossFit gyms primarily as a hobby, a convenient place for them to train. Consequently, Davis learned the banks would not loan to a startup, especially an unproved fitness gym with a novice entrepreneur. He continued his search for startup capital and found another possible source, Georgia Green Loans, whose lending manager told him they just might be able to grant Davis his loan. But two weeks later, he received a call that his application had been declined.

Davis was deeply disappointed. Then a day later, he received a second call. “I think we can make this work,” his loan officer said. “If you have \$20,000 in collateral.”

But he wasn’t sure he did. To answer that question, he and Deanna evaluated his personal belongings—so many dollars for the couch, and another few dollars for his TV. Somehow, they reached the magic number and he received his \$20,000 loan.

The final issue centered on Deanna. Miles asked her to marry him. She said, “Yes!” and they became officially engaged. Their plan for the gym’s financial survival during the early growth of the business included savings they would gain from having only a single house payment, but Deanna was “old fashioned.” She would not consider moving in with him until they were married. They agreed on a short engagement with a Christmas wedding in December 2009.

Davis asked a talented fraternity brother to create a website for CrossFit South Cobb. The site featured social media connections including Facebook, Flickr and Twitter. He chose distinctive colors—yellow and gray—and aligned them with the gym’s logo. He was ready to launch his CrossFit gym at the end of September 2009. On the website he wrote, “A truly amazing series of events brought me to this point and I am so thankful for the opportunity to help others achieve their fitness goals.” Alongside his marriage to Deanna, opening his gym, CrossFit South Cobb, was the happiest moment of his life.

### **A Direct Competitor and Client Growth**

In October 2009 a friend told Davis about a rumor—another gym was planning to open in his immediate vicinity. He felt a sudden wave of panic. He had built his business plan on the assumption that he had located in a place with no other gyms within a five-mile radius. Everyone in the business told him that two side-by-side CrossFit gyms meant inevitably only one would survive. And the demographics for south Cobb further supported that conclusion, because since the recession, the pool of affluent young professionals who could now afford the monthly commitment might have shrunk too far to accommodate two CrossFit boxes.

Miles and Deanna Davis married over the Christmas holiday. Deanna loved travel and had her heart set on a honeymoon trip. This sparked a conflict when Miles explained to his new wife that he simply could not be away from his business for more than a few days



around Christmas—the rumor of a competitor really worried him. Furthermore, while his peer CrossFit gyms had reached 20 clients within their first 40 days, Davis had acquired only six clients. To add to his anxiety, he confirmed the rumor was absolutely true.

A direct competitor was opening a CrossFit gym in January 2010--barely 200 yards from his door. His competitor was named Charles, a tall and athletic man, who was part owner of two of the most successful CrossFit gyms in Atlanta. Consequently, he seemed to have adequate resources to sustain a slow rate of growth. Davis met him and they were cordial. The next door placement was totally accidental. Charles had not known Davis was opening his gym. In fact, Charles had secured his location before Davis, but chose not to announce his opening until he had all the required permits to actually launch his CrossFit box. Neither had given the slightest thought to dealing with a direct competitor.

Davis had not allowed his optimism to drive his business plan. On the contrary, if most CrossFit gyms took 18 months to gain 100 clients, Davis doubled the time for his to 36 months. Yet January and the early months of 2010 were troublesome: growth remained slow.

**Table 1: Davis’ CrossFit South Cobb Client Growth 2009 – 2010**

2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
6 clients	10 clients	20 clients	28 clients	36 Clients

NOTE: Davis’ starting capital was \$50,000 and his startup costs for equipment and miscellaneous totaled \$32,110.

During February 2010, Davis’ European employer, Philips Electronics, made two decisions. They decided to retreat from the American market and to eliminate his position. Although he lost this income, he now devoted 100% of his effort to his business, CrossFit South Cobb. But he did not reach his goal of having 45 clients by March. In fact, it was not until May, nine months after he opened his business, that Davis finally gained a total of 20 clients: a goal his peers had reached in less than 40 days.

“At the same time, I couldn’t accurately estimate how many clients Charles had added to his box,” Davis said. “Because clients from his other clubs could come here. They all looked to be young and very athletic. We never talked about numbers, but it felt like I was getting slaughtered.” On the other hand, Charles’ CrossFit Vinings name did not register as often in on-line searches as Davis’ South Cobb name. The tagline on Davis’ website said “Beyond routine fitness” and offered a special invitation to beginners. In contrast, Charles’ website message was, “Forging elite athletes,” starting with a boot camp. And his gym was available for only four hours a day, while Davis’ door was open from dawn until dark. He felt both of these factors gave him a slight competitive edge, but he worried over how to create a truly meaningful difference that would combat a direct competitor.

## **Davis' Clients**

Davis was very pleased with the fact that he was attracting every body and had enrolled exactly the quality of loyal clients that he had envisioned. "My clients were awesome. I loved them," he recalled. "I was coaching the soccer mom who was forty pounds over her target weight and the vet with an injury who couldn't do a regular squat."

A young man named Chris called Davis in March of 2010. Majoring in Kennesaw State University's program in exercise and health sciences, he offered to be a no-cost intern. Chris would get college credit for the experience. Davis did not want ex-military drill sergeants; he wanted knowledgeable coaches who shared his passion for teaching people how to exercise properly. Davis agreed to train Chris. He worked alongside him through tough workouts and judged him to be an excellent coach. (See Figure 5.)

Miles Davis considered himself fortunate that his gym had not a single toxic client. "This person is negative," he explained. "They gripe behind your back about routines, the other clients, and anything else they think of. Instead, my clients and I created a positive culture that encouraged each others' efforts. They were becoming a community, spontaneously helping each other. The quality of what we achieved gave me confidence in what I was doing. It wasn't a bright sunrise at the end of the tunnel, but it was a glimpse of light. I had the right kind of clients—I just needed a lot more of them."

In April 2010 Davis began advertising in a local paper, *The Savvy Shopper*. CrossFit owners knew from experience that media advertising usually netted no new clients, but Miles found that this particular advertisement did attract prospects. Every month three or four accepted his free trial offer and nearly all of them became members, adding \$300 to \$450 each month to his revenue. He felt his website had an advantage over Charles' site, allowing prospects to sign-up for Miles' two-week Beginner's Workshop and pay their fees on-line.

### **A Crossroad at Miles Davis' CrossFit gym**

Client growth remained slow: that was a fact. Davis had identified a number of potential causes. His slow growth was likely a function of the recessionary economy and his CrossFit competitor. But perhaps his marketing tactics were inadequate. Whatever the cause at the end of 2010, Miles Davis estimated his CrossFit box had lost about \$25,000 since opening. When the next January rolled around, the facts were as clear as they were depressing. Davis did not have the cash to pay his rent. In his first year Miles and the landlord had negotiated a rent of \$1,000, but by the last quarter had escalated to \$2,150. As a result, Davis had not been able to pay himself during the last four months. Member referrals and local ads combined to generate new clients at steady rate of three new clients per month. Reviewing his costs he felt certain that he could keep his non-rent expenses at \$1,378 per month. Mentally, he sketched an income statement for the next year that might possibly work. (See Table 2).

However, it was clear to him that he was facing a dilemma. He could quit, cutting his losses and return to the corporate world. Or he could struggle on. Davis had to assume that he would continue sharing the market with Charles. Price reductions were not a viable option. But how could he compete successfully? Although he believed his clients would experience a dramatically different customer experience at his gym, prospective customers would imagine his CrossFit South Cobb offered exactly the same product as his competitor. After all, both were CrossFit and the physical facilities looked the same.

In addition, Deanna Davis, a talented IT professional whose income helped to support the fledgling gym was pregnant. She intended to work until the baby arrived, but with their first child, Deanna was not certain how smoothly her pregnancy would progress. After pacing around his empty gym on that January morning, Davis had evaluated his options and concluded his first step would be to develop a financial plan that could work, and then renegotiate his rent with his landlord later that day. He continued pacing, trying to just what else he should do to save his business.

### **Endnotes:**

1. Velazquez, E. (2005) Sweat storm. *Muscle and Fitness*, May, 142-154. Retrieved June 4, 2016.
2. In his YouTube video, *CrossFit: Pursuing excellence and creating available value*, Glassman describes the origins of his CrossFit concept and his business philosophy. The video runs twelve and a half minutes long. To hear Glassman explain his exercise concepts in his own earthy language, see YouTube, *The Purpose of CrossFit: Part 1*. Playing time is 32:23.
3. Cooperman S. (2005). Getting fit even if it kills you. *New York Times*, December 22. Retrieved June 4, 2016.
4. The number of CrossFit gyms grew very rapidly. From 1,000 in 2009 to 5,000 affiliates in early 2013. By 2016 there were an estimated 13,000 CrossFit affiliates in operation, the majority in the U.S.
5. Bachman, R. (2016) What your workout says about you. *Wall Street Journal*, February 23. Retrieved June 5, 2016.
6. Forbes (2015) How CrossFit became a \$4 billion brand. *YouTube*, February 28. Retrieved June 5, 2016.
7. Patterson's positioning of his gym was described in Emily Beers and Tony Leyland, (2010) "School of Fitness: Part 1", *CrossFit Journal*. Retrieved June 10, 2016.

**Table 2: Projected Income Statement for 2010**

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>Clients</b>	39	42	45	48	51	54	57	60	63	65	68	71
<b>Revenue</b>	\$5,850	\$6,300	\$6,750	\$7,200	\$7,650	\$8,100	\$8,550	\$9,000	\$9,450	\$9,900	\$10,350	\$10,800
<b>Costs</b>												
Rent	\$1,500	\$1,500	\$1,500	\$1,800	\$1,800	\$1,800	\$2,000	\$2,000	\$2,150	\$2,150	\$2,150	\$2,150
Loan	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488
Insurance	\$102	\$102	\$102	\$102	\$102	\$102	\$102	\$102	\$102	\$102	\$102	\$102
Phone/DSL	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105
AMEX/Other	\$359	\$359	\$359	\$359	\$359	\$359	\$359	\$359	\$359	\$359	\$359	\$359
Marketing	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Power	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	112	112	112	112
HAC/Alarm	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63
Annual Affiliate Fee												\$3,000
<b>Profit</b>	\$2,971	\$3,431	\$3,881	\$4,021	\$4,371	\$4,721	\$5,171	\$5,621	\$5,971	\$6,371	\$6,921	\$4,271

**Figure 1: A CrossFit South Cobb Workout Team**



**Figure 2: CrossFit Member Checks Her Progress**

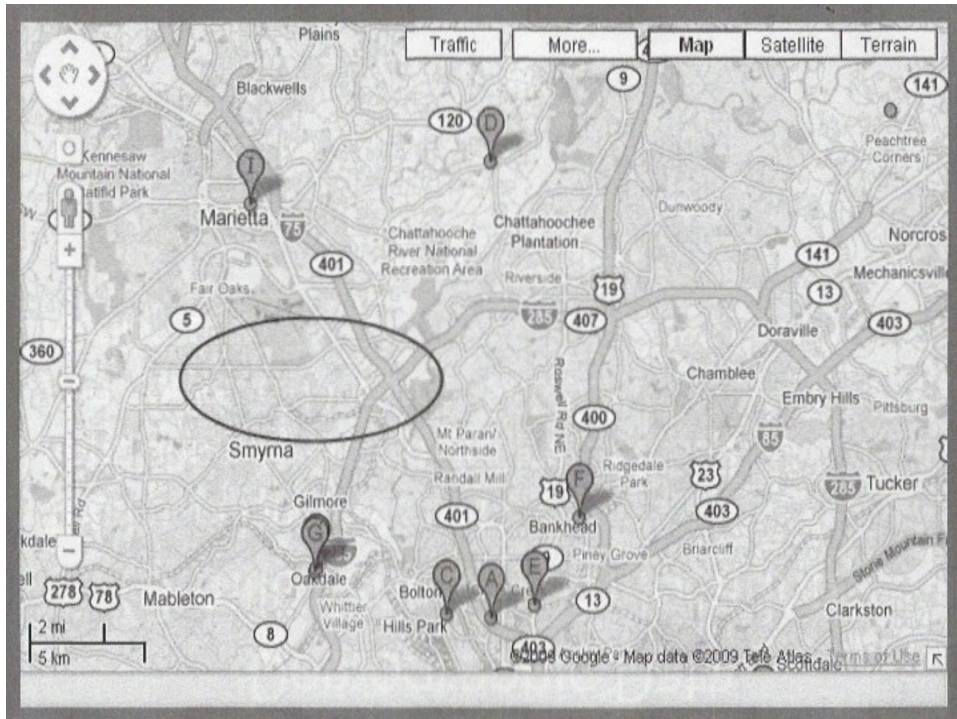




**Figure 3: CrossFit South Cobb's Raving Fans**



**Figure 4: Target Area for New Affiliate**



**Figure 5: Davis & Chris**

