

McGregor's Gym (MCGG)

Conor owns McGregor's Gym in Capital City in country Y. Economic growth has been low for the last ten years. The government of country Y wants to decrease government debt so has increased income tax. It wants to encourage investment so has decreased interest rates. McGregor's Gym is very busy and Conor is considering taking on a partner to help manage the business and give him more free time. However, he has been a sole trader for 8 years and wants the business to stay small.

The customers of McGregor's Gym are mostly younger people who are interested in fitness. Conor employs three qualified personal trainers to give one to one fitness classes for customers. He has had problems with high labour turnover and is concerned this may be due to low motivation. Conor also provides personal training. In addition, he does all the administration such as ordering inventory, accounts and paying invoices when the gym is closed.

McGregor's Gym still uses the original gym equipment which was purchased when the business started. Some gyms nearby have the latest equipment but these gyms charge much higher prices than McGregor's Gym.

Conor records all the financial transactions by filling in accounts books by hand. This takes him a long time. Conor is worried about having enough working capital. Customers book personal training classes using the telephone and Conor later telephones them to remind them when an appointment is due.

Appendix 1

Advert for personal training at Mc Gregor's Gym

1-2-1 Personal Training with Qualified Instructors

ACHIEVE YOUR FITNESS GOALS

4 instructors available



Appendix 2

Weekly forecasts for two possible additional services		
	Ice Bath	Sports Massage
Additional Customers	300	80
Average Price charged per customer	\$10	\$40
Wages	\$40	\$1500
Cost of sales	\$60	\$175
Lease of equipment	\$1400	\$125

Appendix 3

Article in the national newspaper
Daily Chronicle 19th September 2020

New Gym Equipment Speeds Recovery After Workouts

New equipment is now available in many health gyms to make speed recovery after exercise. There have been recent trends to focus on the recovery of the body after workouts, which increase long term health and fitness. Many people are keen to try these treatments using the latest equipment to get faster recovery times. This equipment is very expensive for gyms to buy or lease.

The news of these treatments has appeared on social media sites and on mobile phone Apps leading to higher demand. 'Some customers will pay high prices for such treatments', said a local gym owner who is keen to promote her gym as being one of the first to use the new equipment.

There have also been developments in software which make customer bookings and accounts much easier, quicker and with fewer mistakes. Automatic text (sms) messages are used to remind customers of their appointments – so no need to miss an appointment again. Look out for these changes in gyms near you!