



FitFlex Financial Strategy & Performance Metrics

A Strategic Playbook for Maximizing Unit Economics and Long-Term Value

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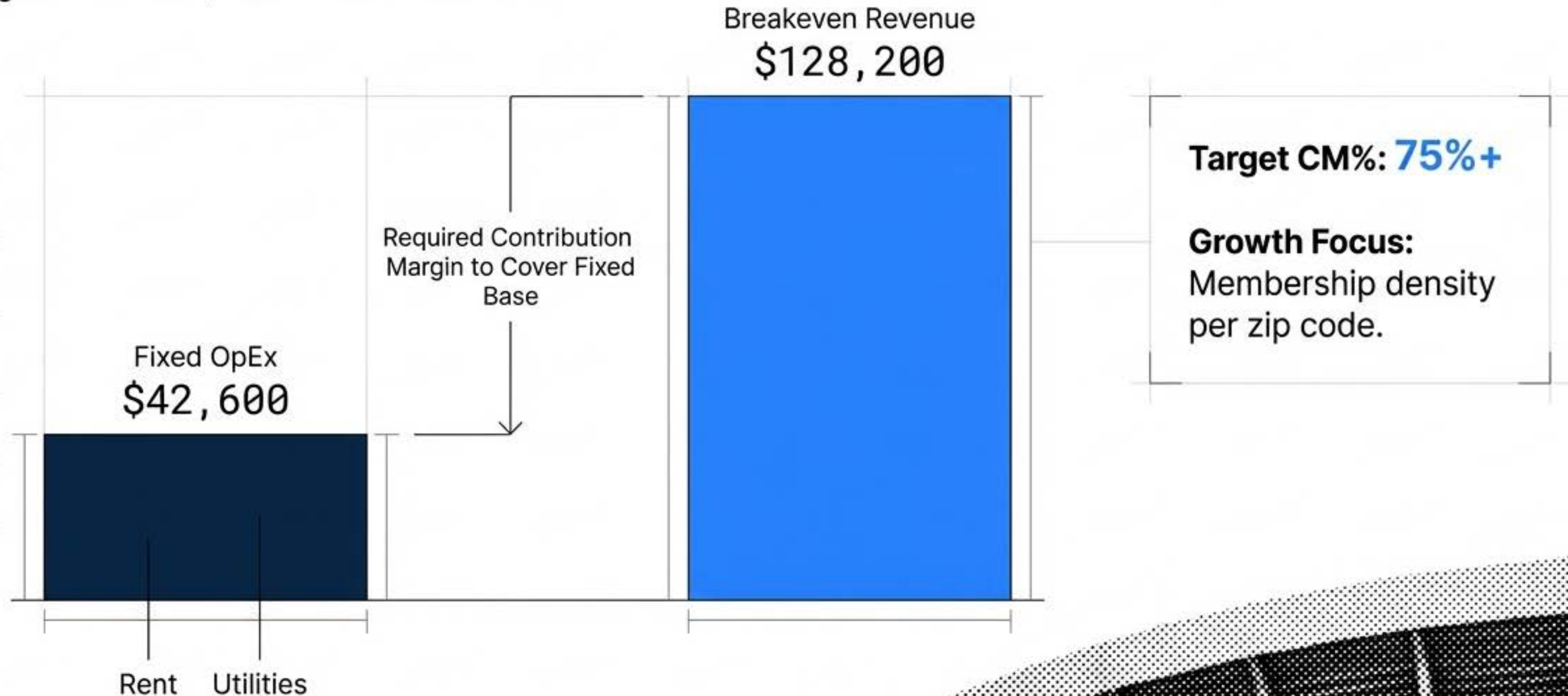
The Path to Profitability relies on four critical targets.

Early cash flow risk (\$935k initial CapEx) requires aggressive adherence to these metrics.

The Golden Rule	Survival Timeline	Capital Reality	The Long Game
3:1	9 Months	\$-314k	41 Months
Target LTV:CAC Ratio	Time to Breakeven	Projected Cash Trough (Aug 2026)	Full Capital Payback

High fixed costs demand uncompromising membership density

Managing fixed overheads is the immediate priority; profit only begins after the \$42.6k base is covered.



KPI 1: Customer Acquisition Cost (CAC)

Ensuring the cost of growth supports the premium model.

$$\left[\text{Total Marketing Spend} \right] \div \left[\text{New Members} \right] = \left[\text{CAC} \right]$$

$$\$180,000 \text{ Spend} / 1,000 \text{ Members} = \$180 \text{ CAC}$$

Benchmark Target: <\$500

(Industry Avg for Low-Cost Gyms: \$150-\$300)

⚠ STRATEGIC WARNING

Do not hide sales commissions or onboarding costs here. If CAC doubles (e.g., to \$360), the 3:1 LTV target is immediately pressured.

KPI 2: Average Revenue Per Member (ARPM)

The upsell is the margin opportunity.



Formula: $\text{Total Monthly Revenue} / \text{Active Members}$

Strategy: Move ARPM from \$300 to \$320 via tiered upgrade paths.

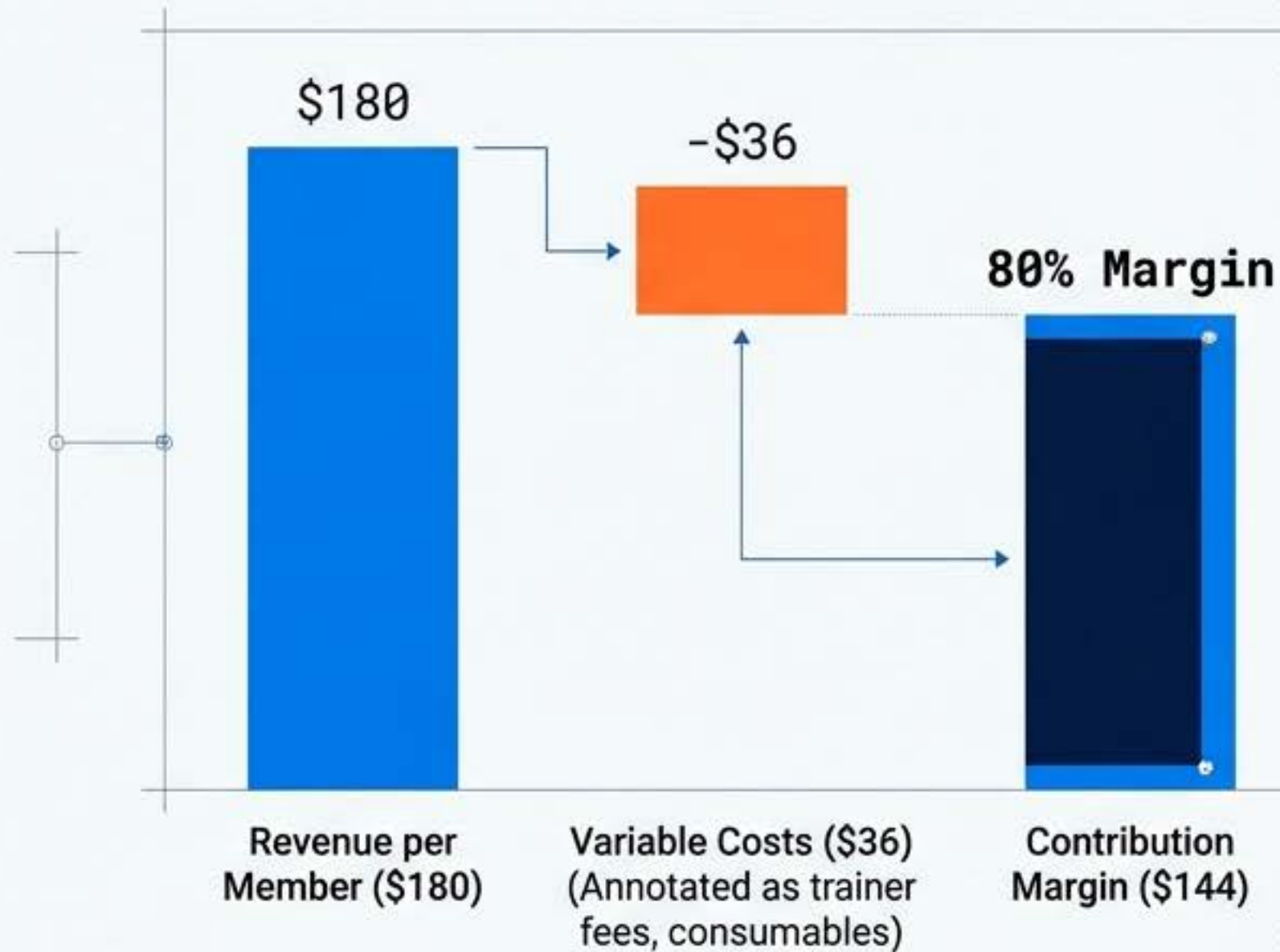
Insight: Compare against premium clubs, not budget gyms. Inter.

KPI 3: Contribution Margin (CM%)

Protecting gross profitability before fixed overheads.

Critical Threshold: Must consistently exceed **75%**.

Formula:
 $(\text{Revenue} - \text{Variable Costs}) / \text{Revenue}$



Insight: If ARPM rises but CM% falls, we are selling low-margin services—a strategic failure.

KPI 4: Revenue Per Full-Time Equivalent (FTE)

Optimizing labor output for top-line growth.



\$120,000

Target Annual Revenue per FTE

Total Revenue Projection:	\$10.2M
Total Staff Count:	85 FTEs

Actionable Strategy List:

- ✓ Automate administrative tasks.
- ✓ Incentivize trainers on booked client hours.
- ✓ Identify "overhead creep" before it hurts margins.

KPI 5: Average Monthly Usage (The Retention Proxy)

Usage correlates directly to Lifetime Value.



Target Monthly Usage



CRITICAL OPERATIONAL WARNING

If onboarding takes **14+ days**, churn risk rises significantly. Target members with **<6 hours** usage for personalized outreach.

KPI 6: Member Lifetime Value (LTV)

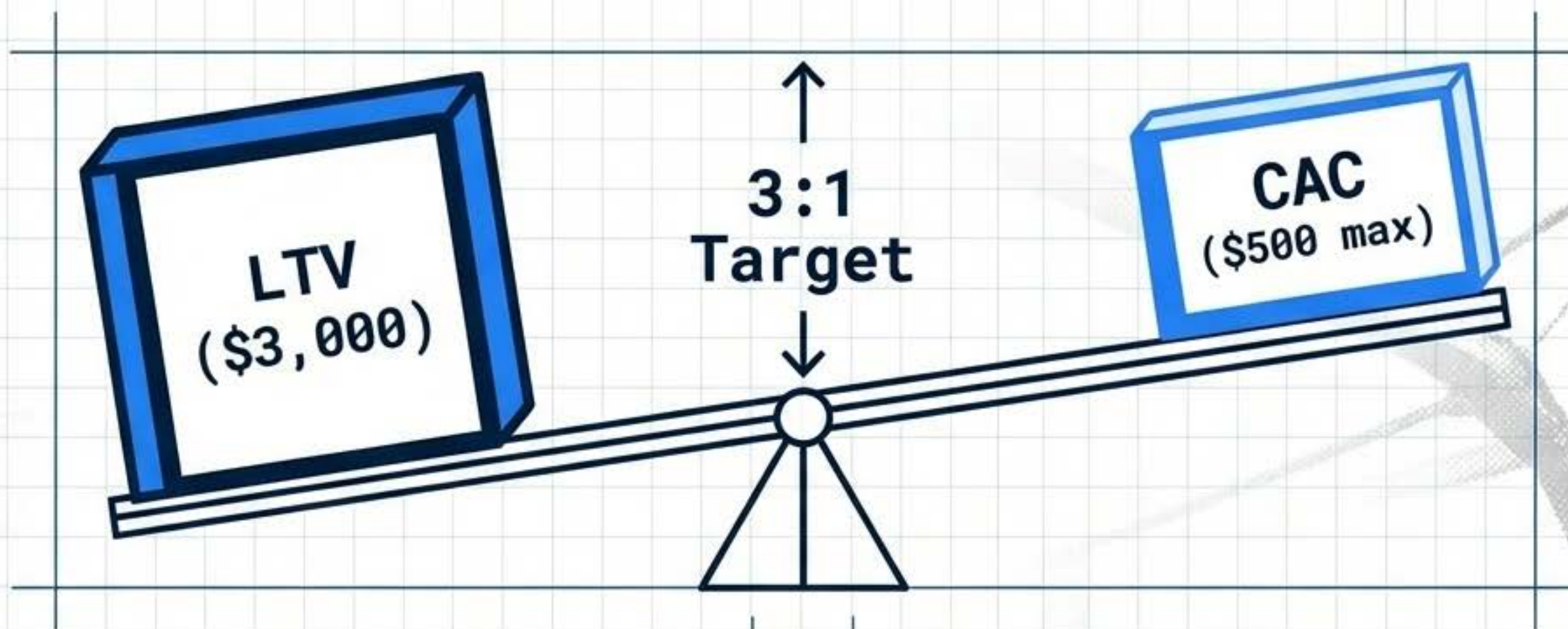
The true net profit expected from a member's tenure.

\$ [ARPM (\$160)]	×	↓ / ↑ 1 / [Churn Rate (4%)]	×	% [CM% (75%)]	=	\$ [LTV (\$3,000)]
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Insight: Retention Strategy is cheaper than Acquisition Strategy.

✓ **Target:** Needs to be 3x higher than CAC.

The Golden Ratio: LTV:CAC



Rules

- If **Ratio < 3:1**: Stop scaling spend. Fix churn or raise prices.
- If **Ratio > 3:1**: Accelerate marketing spend.

Goals

- **Long-term Goal**: Reduce CAC from \$85 to \$65 by 2030.
- **Constraint**: With 18-month average tenure, CAC must stay under \$500.

KPI 7: Months to Breakeven

The countdown to self-sustaining operations.



Formula

Cumulative Fixed Costs /
Monthly Contribution Margin

Reality Check

Anything over **12 months** signals bloated overhead or a broken pricing structure.

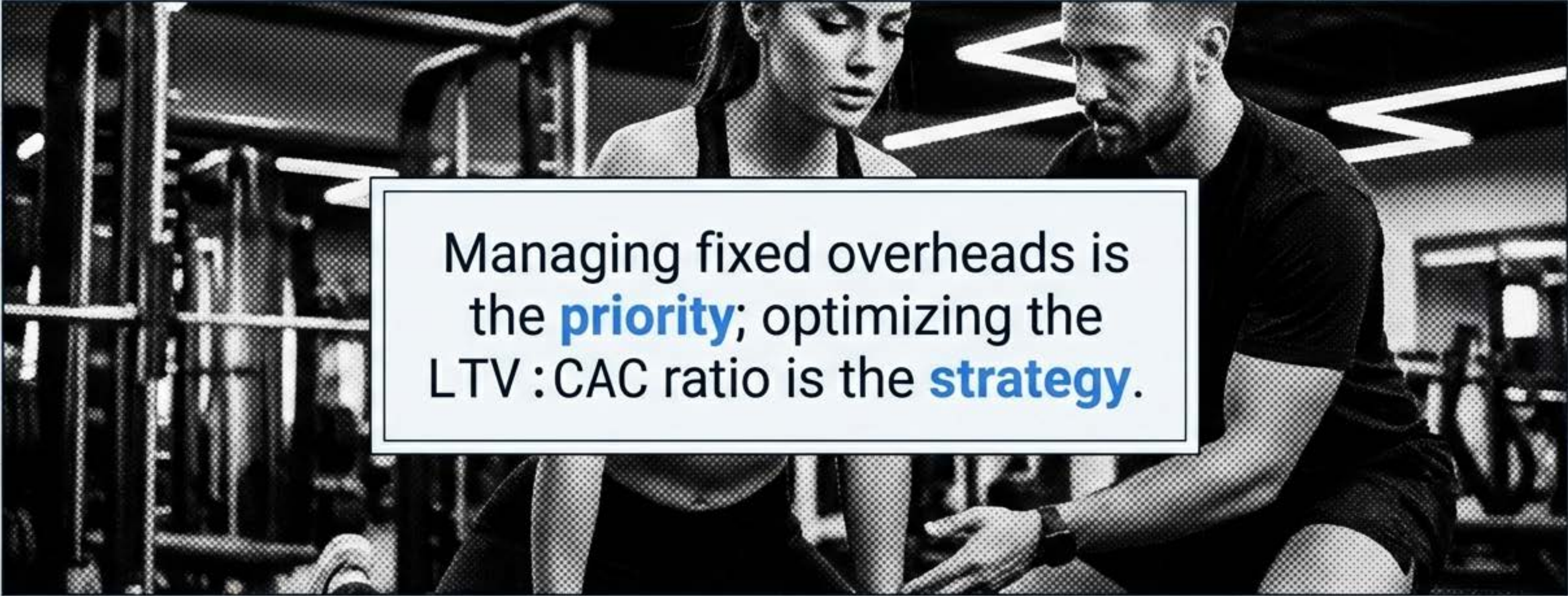
Strategic Implementation Checklist

Don't wait for quarterly finance meetings to spot declines.

WEEKLY	Review Average Usage (Target 12h).	Immediate Fix: Ensure onboarding is <14 days .
MONTHLY	Review CAC, ARPM, and CM% .	Verify CM > 75% and recalculate Breakeven timeline.
QUARTERLY	Review LTV:CAC Ratio and Revenue per FTE .	Enforce strict 3:1 LTV:CAC threshold.

The Road to Profitability

Success relies on the discipline to track these 7 metrics, not just the initial business plan.



Managing fixed overheads is the **priority**; optimizing the LTV : CAC ratio is the **strategy**.