

GROW YOUR BUSINESS:

The Zenergy Group

Grow your Business features fitness professionals sharing their personal journey of growing their business. Here, *Heather Smith* talks to Jodie Hebrard, co-founder of The Zenergy Group based in Herston, Brisbane.

Heather Smith Can you tell me a little about your business?

Jodie Hebrard Tony, my business partner, and I started the business six years ago, with nothing more than some personal training experience and my bookkeeping/accounting knowledge. Zenergy is a personal training studio, not a gym. We deliver 40-minute one-on-one personal training sessions in the mornings and afternoons and we target the high-end market, so our fit-out is plush and luxurious.

Heather Smith It is a big decision for a small business to take on its first employee – what made you think it was the right time?

Jodie Hebrard I guess the catalyst for me was when the 2005 Fitness Industry Award (wage and allowance guidelines for fitness industry workers) came out, before then there were no pay awards. Our personal trainers were sub-contractors, which was typical of the fitness industry back then. When the Award came out, I knew that this was quite serious – if we continued to employ people as sub-contractors, they would be deemed employees.

The other influence was our margins; with a 50/50 split, there was no way to increase our margins. We realised we had been doing all the work, providing clients, sales, invoicing, and sharing 50 per cent of it. We thought, 'if we are going to do more of the work, we should get more of the benefit'. With wages you have better control of your margins.

So there were two reasons why we took on employees and when we made the change, it was great. We are really happy with it and find we actually attract a different type of trainer. With sub-contracting we were attracting some individuals who wanted to do their own thing and weren't necessarily listening to us or open to being coached. Conversely, with the employee mentality the person tends to want security, and to be lead. Now we have a fantastic team that works together, not a group of people who want to do their own thing.

Heather Smith Who did you seek advice from about taking on your first employee?

Jodie Hebrard Tony and I tend to make decisions amongst ourselves. I got the Award information from the website, I read it, and we discussed it. Our philosophy was 'let's just do it and see' and that's what we did.

Heather Smith Was the process easier or harder than you expected?

Jodie Hebrard For us it was an easy change. Back then, we had a small team of about three or four trainers, and we met with them individually to discuss the Award with them. We explained that a sub-contractor working full-time is deemed to be an employee, and went through the salary structure we had set up and asked whether they were happy to change to it. So it was not really a hurdle for us, because we had good relationships with our team.

Heather Smith How did it affect your cash flow?

Jodie Hebrard When we started employing, we promised trainers 20 hours per week and then built them up to full-time. Then we changed, and were able to offer full-time employment straight away. We offer security to someone who really wants to work full-time in the fitness industry. There are a lot of people out there who want a full-time job, but there are not



a lot of options for them. From a cash flow point of view, we have to break even, so it is just a matter of managing that.

I think you need to know your breakeven point, and from that derive how many hours the trainer needs to do to cover their costs, and how long it takes the business manager to get a new client for them.

I do a 3-month cash flow forecast, in Excel, just showing cash coming in and going out on a weekly basis. Now I have it set up, it only takes half an hour to update each week.

Heather Smith **What do you know now that you wish you had then?**

Jodie Hebrard I would have started employing trainers straight away, rather than subcontracting them. I wouldn't have taken on too many in the beginning when we opened. In terms of starting a business again, I would be very frugal with the money. We were experienced personal trainers, and I did crunch the numbers, but opening a business, marketing and selling is completely different.

We didn't know our breakeven point when we opened. That was stupid, and I wasn't running cash flow straight away when I first opened, it was something I had to instigate when the business was not doing too well. We did not have a marketing plan in place either, so it was a very painful process at first; we nearly went bankrupt within four months.

Heather Smith **What advice would you give to other small business owners?**

Jodie Hebrard I read Brad Sugars' *Instant Cashflow* and it just made me snap into a different mode of thinking. I would highly recommend his books to any small business owner.

Make sure you get into the habit of looking at your profit and loss. Look at your numbers, even if they are not good, look at them. Know your margins, track the conversion rate, and update your cash flow forecast. It is well worth it because you can't run a business without understanding cash – if you are not controlling that, you are not moving your business forward.

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BUSINESS DEVELOPMENT TIPS

Tax File Number Declaration Form

The business is responsible for withholding Pay As You Go (PAYG) tax from the employee. To determine what tax rate is applicable, provide the new employee a Tax File Number Declaration Form. A paper copy needs to be completed and can be obtained from the tax office or selected newsagencies. If the form is not returned within 14 days, 46.5 per cent is withheld from any payment – a nice incentive for a completed form to be returned promptly.

Health and Fitness Awards

A variety of health and fitness pay scale awards can be found at www.fairwork.gov.au. There is no 'one size fits all' approach to this, so you will need to determine which is appropriate for your business.



Heather Smith

Heather is on a mission to improve the financial literacy of business by empowering business owners to produce accurate and meaningful management reports in a timely manner. She is a commerce graduate, an ambassador and fellow of the ACCA, a MYOB Certified Consultant, a writer and keen advocate of technology and social media. For more information, visit www.aniseconsulting.com, e-mail info@aniseconsulting.com or tweet [T:@ANISEConsulting](https://twitter.com/ANISEConsulting)