



**SUCCESS
STORY**

BEATING THEM TO THE PUNCH

***HOW 12RND
FITNESS CO-
FOUNDER TIM
WEST BUILT
THE FASTEST-
GROWING
BOXING
FRANCHISE IN
THE WORLD.***

By Sophia Lee

Mike Tyson famously said about boxing, "Everybody has a plan until they get punched in the mouth." Steve Blank famously said about entrepreneurship, "No business plan survives first contact with a customer."



Jim West knows both to be true.

As the founder of the fastest-growing boxing franchise in the world, 12RND Fitness, West has experienced the underlying principles of these quotes firsthand. He started his journey by working his way up the rungs of the fitness ladder—from aspiring professional athlete to strength and conditioning coach. But he was itching to find ways to do more within the traditional brick-and-mortar gym business model.

He got his chance when Jetts Fitness, the first 24-hour gym in Australia, opened up its company to franchisees. West jumped on the opportunity and opened the second location in the country in 2008, then three more after that within the span of nine months. He had become hooked on the franchising model. Which got him thinking about other ways he could flex his entrepreneurial muscles.

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A Foray into Tech

After two years of running a few Jetts Fitness locations, West decided to sell his franchises in 2010 and take a swing at the tech industry.

He set out to build a software platform that would help physical therapists with their billing and scheduling needs—a solution that didn't exist at the time. He gathered a team and built a product that was infinitely scalable with modern APIs (application programming interfaces, which mediate interactions between different types of software) and cutting-edge security. The problem? They didn't have a single customer.

“Until you reach that first customer, what's in your head as the perfect solution is just that—in your head,” West says. “We caused big issues with our business by building a Ferrari

to take the kids to school. That meant the cost in delaying that launch chewed up the capital to acquire customers at the other end that we had validated.”

That's when he first learned the truth behind Blank's quote.

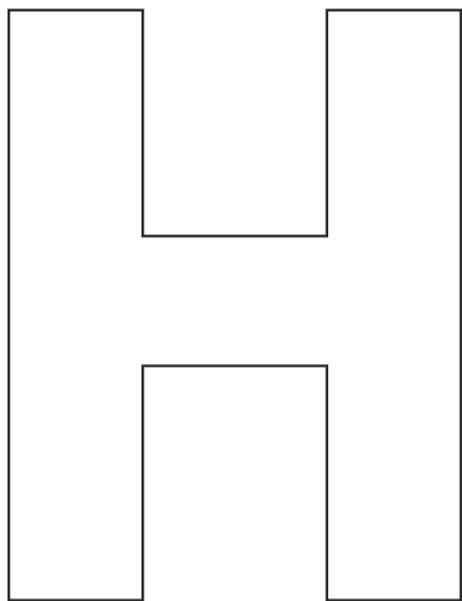
West faced other issues during the SaaS development process that he believes every entrepreneur going into tech should be aware of. For instance, he warns against the detrimental effects of scope creep—a phenomenon that can kill projects instantly. He also strongly recommends having a compatible tech co-founder who can keep product development on the right path.

While the software didn't end up getting funding, this experience wasn't for naught. West collected tons of knowledge—especially in the realm of international payments. That skill would come in handy in the near future.



The Sweet Science

West decided to get back into his comfort zone of brick-and-mortar fitness. He started to wonder: What issues do fitness businesses face that I can avoid in mine? And he came up with a few answers.



He recognized that over 80% of complaints at gyms regarding group fitness classes were around the time tables. People were finding that there weren't enough class times to fit their schedules. Another problem

that West recognized was that most people viewed exercise as a punishment instead of an enjoyable experience.

So he got to thinking about solutions. To solve the time tables problem, West decided to eradicate the idea of fixed class times; if you didn't have official "start" times, then you could never be late for class. As for the second problem, he realized that the only time people didn't view exercise as punishment was when they were playing sports, because of the skill- and team-building aspects.

That's when West turned to boxing, a sport he was familiar with and used with his strength and conditioning clients back in the day. Not only did it have low barrier to entry, but it also had the potential to build lifelong skills.

Keeping these ideas in mind, he gathered two dozen friends at a gym, wrote out a boxing program on whiteboards, and that's how the idea for 12RND was born in 2014. And it was this MVP version that investors decided to fund. Not wanting to make the same mistake as he did with his SaaS product, he decided to pressure test his product immediately and fail as fast as possible.

So he profiled areas of Brisbane with the most diverse representation of fitness, and stress tested every aspect of the business. That included things like calculating the ideal square footage needed in each space to generate revenue, and even diving into behavioral psychology to come up with a 28-day challenge that converts 90% of free trials into full memberships.



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Crunching Numbers

Of course, given his experience, West eventually turned to the power of franchising to rapidly expand 12RND. But this wasn't a lighthearted decision. West tested his business for two whole years—until 2016—before opening up to franchisees. The reason it took so long is because, unlike many franchisors, West takes an incredibly data-driven approach when it comes to opening up new branches of 12RND.

To be approved for a lease, a franchisee must have a minimum of 120 members. But before that, they have to get 70 members to sign up during a pre-sale period. However, West makes it clear that these franchisees aren't in it alone. He created a comprehensive playbook that outlines day-to-day tasks to help people through the pre-sale period. All the marketing materials are included as well.

When asked why he provides so much support, West replied that you have two goals when opening up a location: to keep members and to get new members. To keep members, you have to exceed their expectations through the product and environment. To get new members, you have to tell the 12RND story and close the sale. To do this, you need compelling content, which can't just be clip art on a poster. It needs to be professional content that's curated and consistent with the company's narrative of "What are you fighting for?"

"Just as a good trainer has empathy for members, a good franchisor should have empathy for franchisees," West says.

Grateful for Problems

West has big plans for 12RND this year. In addition to opening up its first locations in New Zealand and Singapore, he hopes to sign off soon for London and Los Angeles. A large part of his ability to rapidly expand has been thanks to his prior experience with his SaaS product, which helped him understand the complexities of international payments—a common blocker for other boutique fitness businesses.

Beyond that, West also hopes to continue using technology to support the business in areas related to scaling and quality assurance. He says they're planning to release new customer-facing technology this year, as well as a suite of tech products to make the jobs of franchisees easier.

But the biggest challenge on West's mind is simplicity. He believes it's one of the most important, but also one of the most difficult things to achieve in a business model—where the temptation to add and complicate is ever present. While he doesn't think 12RND is there yet, he and his team work toward it every single day. But he's not discouraged by these obstacles. Far from it, he's grateful for them.

"A quote from one of my longtime clients and friends is: 'Be grateful for your problems because if they didn't exist, someone with less ability would have your job.' And I think from the point of view of business owners, we seem to think it's avoiding problems that makes our jobs enjoyable. But it's actually solving them that adds value."



3 Tips To Scaling Your Franchise, with Tim West

1. Build advocacy. Advocacy is a huge part of the 12RND business model. According to West, the majority of their sales are advocacy based—with members and staff telling their friends about the fitness classes. The same concept applies to franchising; West recommends building advocacy so existing franchisees can help you recruit new people to expand your business.

2. Use data. “Data is king in franchising,” West says. “It gives you direction because you need to be the authority and expert.” That’s why he believes in profiling areas—from figuring out the fitness demographic to identifying competitors—and then nominating the top 10 sites in that region before even considering opening up a new location.

3. Reassess your terms. It’s important to understand exactly what you’re asking of your franchisees. Looking at the terms and conditions usually tells you the intent of the franchisor. For example, if there’s a fixed fee royalty, the intention is to get as many locations open as possible. That’s why West usually chooses to ask for a percentage of revenue royalty instead. This demonstrates that he’s equally invested in growing the franchisee’s revenue and creates a two-way relationship.



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