

## ENTREPRENEUR

# Healthy strategy

Lifestyle Fitness Corp.  
Fitness business owner gets strategic with marketing

BY SEAN MCFADDEN  
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**T**he warning signs that the economic landscape was shifting beneath **Steve Lichtman's** health and fitness business hit home late last fall. His Stoneham-based company, **Lifestyle Fitness Corp.**, owns three local franchise locations of the Colorado-based **Fitness Together** chain — in Dedham, Norwell and Westborough. Lichtman had spent \$7,000 in one month on a direct-mail promotional piece that was distributed to 20,000 households.

However, the return on investment for that effort, says Lichtman, was far lower than he typically receives.

"We got just enough new business to pay for that cost," says Lichtman, 52.

Earlier in the year, Lichtman had projected revenue growth on the order of 15 percent. His company, which has 13 full-time employees, actually finished 2008 with total revenue of just over \$1.3 million, compared with just over \$1.2 million in 2007. Those totals include revenue

generated by his three studios, as well as a separate business, an in-house ad agency known as **Lichtman Marketing Group**; revenue for his Fitness Together studios remained essentially flat year over year.

Lichtman emphasized in his January newsletter to his clients that the business still has "a strong balance sheet and no debt."

In fact, Lichtman hopes to add a fourth studio this year.

Fitness Together's value proposition is that it offers one-on-one personal

training in small, suite-like settings. At any given time, Lichtman estimates, he has 200 or so clients. Those clients sign up for programs that can last anywhere from eight weeks to a year. The cost, he adds, varies based on the duration and frequency of the program.

"People are still looking at what we're doing — the marketing we send out, the direct mail. They see our TV commercials," says Lichtman. "It's just that they're slower to respond than they were in the past."

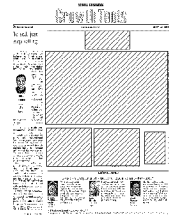
In fact, Lichtman realizes that now is the time to be more innovative with his marketing efforts: "I recently said to my management team, 'Guys, we need to be a lot more strategic and creative.'" Lichtman has struck up a partnership with child-care provider **Knowledge Learning Corp.'s Knowledge Beginnings** and **KinderCare Learning Centers**, in which his Fitness Together studios will provide up to 48 hours of free day care at centers close to his studios for parents while they work out.

Lichtman is also looking to generate referrals from some area health care providers, for whom the studio is giving a free, short-term test run of its programs.

He's also reviving a "lunch and learn" program targeting local businesses, in which he'll offer 30-minute presentations on health and nutrition.

One of Lichtman's most cost-effective marketing vehicles has been the cooperative advertising program he initiated with his fellow Fitness Together franchisees in New England nearly three years ago. Lichtman Marketing Group currently serves as the agency of record for about 80 studio franchisees in five markets. Together, the studios pool their resources to pay for promotional efforts ranging from cable TV to signage.

**Benjie Moser**, Massachusetts state director for Fitness Together (which has 52 studios in the state), says, "(Steve) brings a certain level of leadership to





Steve Lichtman, president of Lifestyle Fitness Corp., became a franchisee of the Fitness Together chain in 2005.

the organization, because he has an extensive marketing background. ... He's been able to unite us and use our scale."

Client **Lou Leta**, owner of **Digital Video and Consulting Inc.** in Hanover, says he considers Fitness Together's unique selling point to be that "everything is relationship-based. It's definitely a commitment. ... (But) if you want to make a change in your life and you have a goal, then they're definitely the ones for you."

Long before Lichtman got into the health and fitness business, he had worked in a sales and marketing capacity for businesses ranging from publishing to high-tech.

At one point, he became a client of Fitness Together and was so pleased with the results that he decided to become a franchisee of the international chain.

He initially invested about \$350,000 to get started, which helped finance the purchase of two pre-existing studios in Dedham and Norwell in 2005. A third acquisition — in Westborough — followed in 2006.

An important lesson, he says, came last summer, when he realized he didn't have the appropriate management structure in place to enable the company's continued growth. As a result, he hired two new managers and promoted his area director, **Michael Cardoza**, to vice president of operations.

"Today, when someone's out or on vacation, we have people who can step in and take over," Lichtman says. "This has allowed us to be proactive versus reactive."

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## FAST FACTS

**Steve Lichtman** incorporated Lifestyle Fitness Corp. in 2005.

**The company owns** three local franchise locations of the Fitness Together chain — in Dedham, Norwell and Westborough.

**Last year**, the three clubs performed more than 20,000 training sessions.