



FRANCHISING OPPORTUNITIES  
FREQUENTLY ASKED QUESTIONS



**Oranj fitness Kelowna**

Kelowna, British Columbia, Canada

*Opened February 2008*

## **How we started**

Oranj Fitness was founded in Kelowna, BC in February 2008 by two former lululemon head office management and one of the top personal trainers in Vancouver, BC.

We are a high-end, luxury, group fitness studio that offers cutting edge, innovative classes. We have a vegan superfood smoothie bar, quality retail clothing, and we offer childcare for our mini boogiers.

## **Vision statement**

*Creating a world where the status quo is boogying*

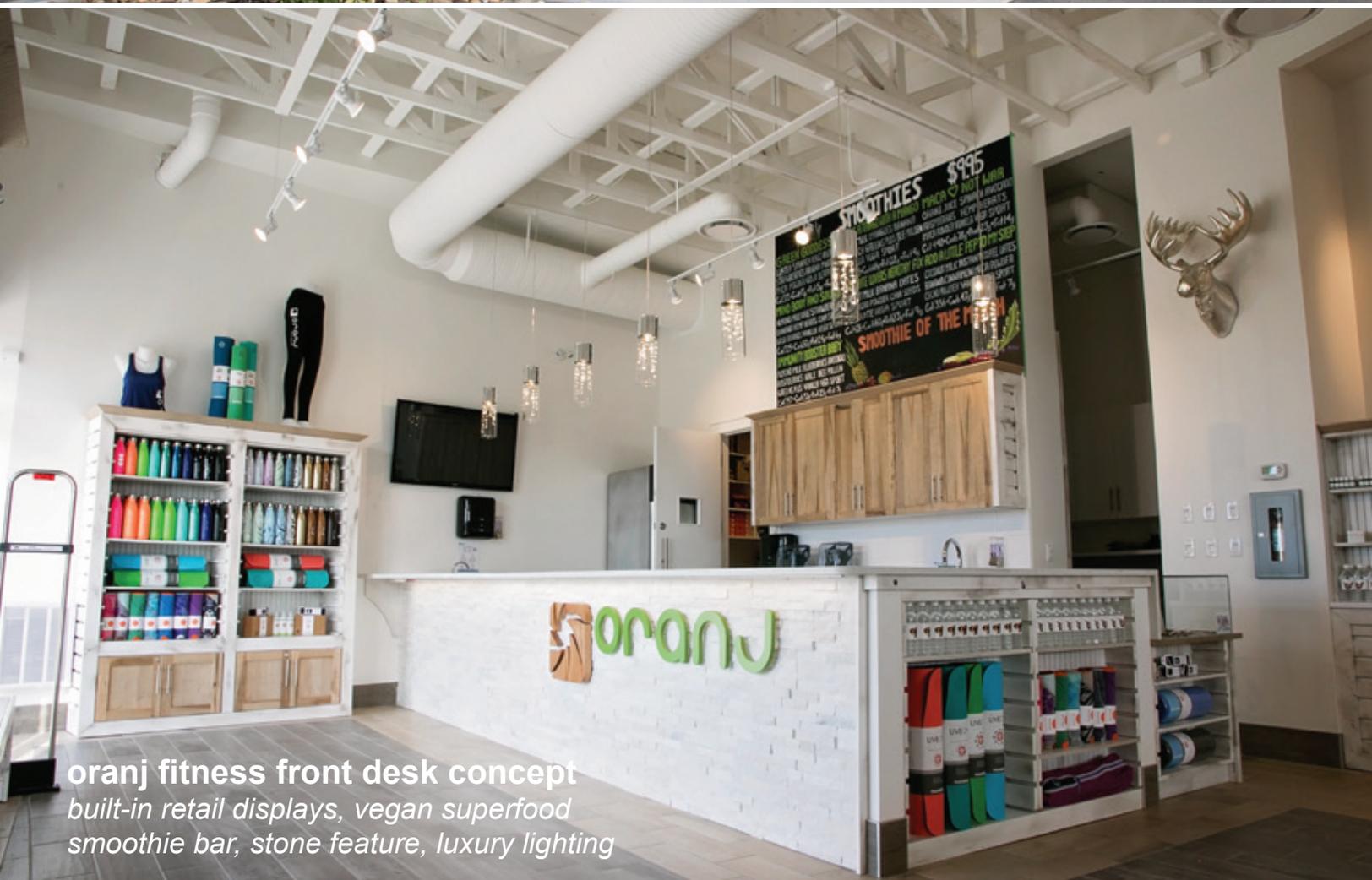
## **Mission statement**

*Inspiring an environment of health, personal greatness, fun, and community*

# oranj fitness Grande Prairie

Grande Prairie, Alberta, Canada

Opened June 2016



**oranj fitness front desk concept**  
*built-in retail displays, vegan superfood  
smoothie bar, stone feature, luxury lighting*

## Frequently asked questions

### Oranj Canadian Franchising

#### **Q - What is the cost of an oranj fitness franchise or oranj express franchise?**

**A** - If you are interested in opening an oranj fitness franchise you need to expect a capital investment that ranges from \$900K - \$1.4M depending on studio square footage. If you are interested in opening an oranj express franchise you need to expect a capital investment that ranges from \$500K - \$600K depending on studio square footage. Please refer to the studio comparison chart at the bottom of our frequently asked questions.

#### **Q - What is oranj express?**

**A** - Do you remember the movie 'Honey I Shrunk the Kids'? Well, to put it in the same context... Honey we shrunk oranj fitness... and then we sprinkled it with just the right amount of awesome sauce! Oranj Express is a smaller, bite size version of our franchised oranj fitness studios. It looks similar to oranj fitness with a high end luxury build and guest experience, except it has one to two fitness rooms (2500 - 3000 square feet total) as opposed to four studios (5000 - 7000 square feet total). Oranj Express offers the same cutting edge and innovative group fitness classes as well as the same high end retail clothing lines that our oranj fitness studios offers. Each studio offers a 100% vegan smoothie bar that will make your taste buds explode with fresh and healthy excitement! With approximately 50 cutting edge and innovative group fitness classes per week to choose from, oranj express is the perfect fit for any community!

#### **Q - How do I buy the rights to an oranj fitness studio or oranj express?**

**A** - To own the rights to an oranj fitness or express location you have to apply online to our franchising team. Once we approve your application you are required to pay a one time franchise fee. Oranj Fitness is \$50,000 and oranj express is \$40,000, in each case plus applicable taxes. This includes your first right of refusal to future studios in the territory as well as training on how to effectively execute our winning formula. It also includes all of our operations and training manuals so this venture will be completely turn-key.

#### **Q – If I own the rights to and oranj fitness studio, can someone else own the rights to an oranj express studio and become my competition?**

**A** – Absolutely not. If you purchase the rights to an oranj fitness location you are also granted the first right of refusal over future studios in the same territory, whether for oranj fitness or oranj express. Once you have proven the concept of an oranj fitness, we can entertain the conversation of opening an oranj express later on down the road.

#### **Q - What are the royalties for an oranj fitness vs oranj express studio?**

**A** - Oranj Canadian Franchising Ltd. wanted to create a royalty model that was advantageous to the franchisee. With this said, most typical franchises charge a percentage fee of 7 - 10% gross sales. At oranj, we always dance to the beat of our own drum. When everyone else zigs...oranj always zags! We wanted to create a model where our franchisees make the most profits and have the entrepre-

neurial freedom to exceed their targets and reap the rewards. So, at oranj we charge a one lump sum annual franchise fee. Oranj Fitness annual franchise fee ranges from \$75,000 - \$125,000 depending on the territory and oranj express annual franchise fee is \$15,000 - \$40,000. Here is an example of how advantageous it is for the franchisee:

*Example - oranj fitness studio brings in 2M in annual gross sales. A “typical franchise model” would charge 7- 10% royalties on this, thus the franchise fee would range between \$140,000 - \$200,000. Oranj’s model is a flat rate annual franchise fee of \$75,000 - \$125,000. So, if you generate sales of 2M, 2.5M, 3M etc. all the additional revenue goes to the franchisee. Reap the rewards and celebrate for hard work accomplished!*

**Q - How much cash do I need?**

**A** – You are responsible for providing 100% of the cash investment required. If you require a bank loan, it is a good rule of thumb to have 50% cash before applying for a loan.

**Q - Is the franchisee required to be a full time operator?**

**A** – Yes, we require a minimum of one partner to be a full time operator in our studios.

**Q - What is the square footage of a typical oranj fitness and oranj express?**

**A** – Oranj Fitness studios range from 5000 - 7000 square feet and an oranj express ranges from 2500 - 3000 square feet. Please see the studio comparison chart at the bottom of this document.

**Q - Is the franchise fee refundable?**

**A** – The franchise fee is non-refundable.

**Q - Does oranj fitness help with financing?**

**A** – You are required to find your own financing for our franchise studios.

**Q - What rates can I expect to get from lenders? What collateral is needed?**

**A** – We always recommend to seek private funding as investment first. If you are seeking a loan from a bank, typically they ask for 50% liquid assets as collateral. This number may vary depending on the relationship with your financial institution.

**Q - How long will it take to become a franchisee?**

**A** – Typically from signing lease space to opening our doors on day one, you can be operating your studio in as quickly as seven months. If you are in a new build and require the development to complete, it can take as long as two years before you are open for business. What we can guarantee you is that the perfect space is worth the wait! Rushing into studio buildouts can be detrimental in the long run.

**Q - How much training will I receive?**

**A** – You will receive amazing one on one attention from our training team that is approximately three months in length. This training includes:

1. Learning our “winning formula” inside and out
2. Working in an oranj fitness studio
3. Operation bibles explaining how to run our turn key studios (note these are confidential bibles that are not to be shared with outside parties)
4. One on one training with our regional training manager
5. Weekly coaching / phone calls with our regional manager
6. oranj fitness – quarterly visits from our regional trainer / or manager
7. oranj express – semi-annual visits from our regional trainer / or manager

**Q - How do I know if my market is big enough?**

**A** – We look at many different demographic variables for markets such as disposable income, age and population to name a few. Oranj Express was designed to fit perfectly into communities with a population between 10,000 - 49,000 people. Any community with a population 50,000 or greater is a perfect community to host a full-size oranj fitness studio.

**Q - I live in a town of over 50,000 people but I don't want to open an oranj fitness. I want to open and oranj express. Can I please open an oranj express instead? Pretty please?**

**A** - Unfortunately, at this time we would have to say no. With a population over 50,000 people our winning formula is to open a full amenity, one stop shop, oranj fitness studio. With this being said, once our franchisees have successfully proved a full oranj fitness franchise in their community and they feel that there is opportunity to open up a second studio being an oranj express, then please apply to our franchising team. If the community is already branded with an oranj fitness and our guests understand and love our concept, then yes, our franchising team will entertain the conversation of a second studio being an oranj express!

*For example: oranj fitness Kelowna has been successfully operating since 2007. The community understands and loves our concept and would love to see a second studio. Unfortunately the other suburbs in Kelowna just are not big enough to support the financial investment of another 6000 - 7000 square feet studio. So, in this situation an oranj express is the perfect solution!*

**Q - How is the real estate deal structured?**

**A** – Our lease structures are typically by standard lease, although some franchisees may have purchased land and a building. You will want to have a space that is secure for a minimum of 20 years.

**Q - What type of commercial locations do you require?**

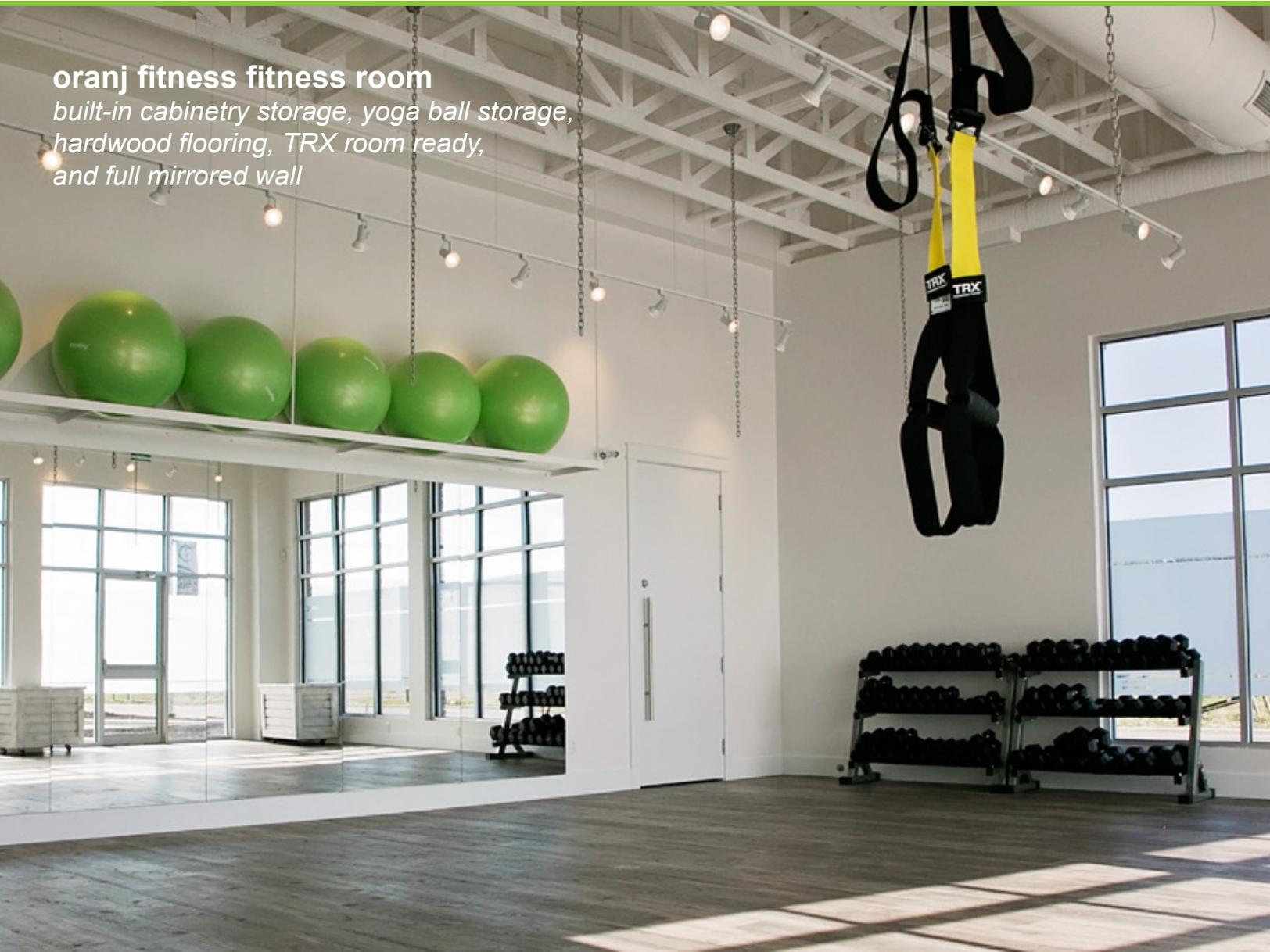
**A** – With oranj fitness' continued growth, reputable brand and community drawing power, we are a desirable tenant for landlords. Our concept can be adapted to markets of all sizes. Ideal locations would be high profile, and near 'traffic generators'. We compliment and prefer close proximity to retail centers, spas, coffee shops, lifestyle centers, office and entertainment centers, and schools. Oranj Fitness' are found near major intersections and require 100 or more parking spaces.

**Q - How long is the approval process?**

**A** – You should budget one month. First we require that you apply online under our franchise application section. You should hear back from oranj team within two weeks if we approve of the location and are interested in working with you. Once you pass our interview screening process, which can take approximately two to three weeks, you will hear back if you are approved for your desired location.

**Q - How long does it take to build a studio after approval?**

**A** - Generally the process from architectural drawings to opening day can take approximately seven months.



The image shows a bright, modern fitness studio with a high ceiling, exposed wooden beams, and track lighting. A shelf holds several green exercise balls. A TRX suspension training system is hanging from the ceiling. In the background, there are large windows, a white door, and a rack of dumbbells. The floor is made of dark wood.

**oranj fitness fitness room**

*built-in cabinetry storage, yoga ball storage,  
hardwood flooring, TRX room ready,  
and full mirrored wall*

**Q – Can you show me the exact difference between both oranj fitness and oranj express so I can figure out what option I am best suited for?**

<b>Studio Comparison</b>			
	<b>oranj fitness</b>	<b>oranj express</b>	<b>Description</b>
Population Size	50,000 or greater	10,000 - 49,000	It is Oranj Canadian Franchising Ltd.'s first choice to open an oranj fitness full amenity one stop shop, luxury studio. Oranj express is designed for small communities that cannot support the full size studio.
One Time Purchase Territory Fee	\$50,000	\$40,000	This includes 1. First right of refusal for your specific territory. 2. All "turn-key" training manuals and operations manuals. 3. Approximately three months of training to ensure effective execution of our winning formula <i>*note* franchisees are not compensated for their training. Flights, accommodation and food are an additional cost to franchisee.</i>
Annual Royalty Fee	Ranges \$75,000 - \$125,000	Ranges \$15,000 - \$40,000	Due on the first day of operations and each anniversary date after.
Studio Size	5000 - 7000 square feet	2500 - 3000 square feet	The sizes vary due to different territory legalities, city regulations, city by laws, and developer specifications.
Type of Rooms Included in Studio Build	3 - 4 studios, 2 high end luxury bathrooms, 1 - 2 storage rooms, management office, retail store, foyer, front desk, childcare, 2 retail change rooms, smoothie bar, laundry room	1 - 2 fitness studios, 1 - 2 washrooms, front desk with smoothie bar, small retail space, laundry room, childcare	<i>*note* size specifications of the rooms may vary depending on each particular space and local regulations.</i>
Estimated Build Out Expense	ranges \$600K - \$1M	ranges \$300K - \$400K	Approximately \$120 - \$150 per square foot
Inventory and Equipment Budget	ranges \$100K - \$200K	ranges \$100K - \$150K	This can vary depending on retail store size and equipment preference. This number will be solidified when you work with our franchising team.
Additional Operating Cash Flow	ranges \$50K - \$100K	\$20K	Additional cash flow to prepare for the first year of operations.
Total Estimated Start Up Costs	ranges \$900K - \$1.4M	ranges \$450K - \$600K	<i>*note* this is an estimate and provided merely as a tool of reference. Franchisee is responsible for submitting a final business plan and cash flow projections to be approved by Franchisor.</i>