



## Longview Application Improves Planning, Budgeting & Forecasting, and Provides Robust Analysis Capability for Managing Rapid Business Growth

### Executive Summary

24 Hour Fitness implemented Longview Planning, Budgeting & Forecasting to better understand, analyze and manage business drivers and make it easier to generate meaningful plans and budgets encompassing more than 400 fitness clubs throughout the US and in Asia. With Longview, analysts can now respond to information requests from senior management faster and with data that is more detailed and more accurate than was practical using their legacy Peoplesoft and Excel environment.

### Making Fitness Accessible & Affordable to People of All Abilities

With over three million members and US \$1.5 billion in annual revenue generated at more than 400 locations throughout the US and 28 clubs in Asian countries, 24 Hour Fitness Worldwide is the world's largest privately owned and operated fitness center chain. 24 Hour Fitness was started in 1983 based on a vision of making the ultimate in multi-sport fitness centers affordable and accessible to people of all abilities and fitness levels.

To help differentiate its business and to establish a presence in new markets where the company has no prior presence or brand recognition, 24 Hour Fitness forms partnerships and opens co-branded club facilities with high-profile athletes who embody what 24 Hour Fitness stands for – hard work, determination, a positive attitude and persistence, while having fun along the way. These include Andre Agassi, Lance Armstrong, Jackie Chan, Earvin “Magic” Johnson, Shaquille O’Neal and most recently, Derek Jeter.

#### Industry

- Healthcare

#### Challenges

- Planning
- Budgeting
- Forecasting

#### Revenue/Locations

- US \$1.5 billion / Over 400 locations

#### Benefits At A Glance

- Cumbersome, manual processes and spreadsheets eliminated
- Improved financial data integrity and consistency across the organization
- Flexible, robust support for ‘what if’ scenario analyses
- Increased detail and accuracy of plans, budgets & forecasts
- Better benchmarking of business performance
- Analysts become a strategic resource focused on value generation

### The Challenge

Frequent financial analyses play a critical role in the decision making behind the continued growth and success of 24 Hour Fitness. With so many clubs and so many members, however, the company's planning and forecasting activity requires greater depth of financial and operational details than typically encountered in many organizations.

For example, budgeting and reporting is done at the club level and even down to the level of each individual job category, of which there are typically 30 in a club. In addition, revenue and expenses are tracked at a very detailed level, covering individual aspects of club activity, including juice bars, personal training sessions, sales of training-related products such as supplements, and the credit card membership dues that are set up each month. Detailed operational statistics from each club are also gathered, including number of members, number of workouts, hours worked by each category of staff and so on.

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#### Mike Pantano

Senior Director, Financial Planning & Analysis (FP&A) and Treasury, 24 Hour Fitness

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To support decision making, the 24 Hour Fitness financial team needs to be able to 'slice & dice' all this data in different ways. When considering a new club location, for example, having access to results data and operational statistics by club type (Ultra Sport, Sport, FitLite, etc.) allows them to analyze what style of club works best in which type of market, and thus how best to shape their real estate portfolio. Similarly, the availability of statistical data such as the number of workouts performed at each club each day allows each club's staffing model – how many of each job category should be on duty – to be optimized based on actual club traffic, not just club size. Detailed statistical and financial data is also used to determine each club's membership fees and how much discounting there should be, and to shape the company's marketing efforts.

As 24 Hour Fitness grew, however, their financial system, consisting of Peoplesoft and extensive use of Excel spreadsheets, could no longer meet their planning, budgeting and forecasting needs.

"Our Peoplesoft system couldn't support a lot of detailed forecasting or long-range planning, and required a lot of query-writing to access the data we needed, which was quite time-consuming and painful, to say the least," says Mike Pantano, Senior Director, Financial Planning & Analysis (FP&A) and Treasury, at 24 Hour Fitness.

Pantano goes on to explain that the system offered no means for them to trend their data at a detailed level, and anything they did in this regard had to be done manually, using Excel. However, Excel proved to be too labor-intensive and simply wasn't flexible or scalable enough to efficiently handle their growing number of clubs and volume of data.

"Our senior management team was frustrated at not being able to get timely answers to their inquiries and there was no consistency in the numbers they were getting from Accounting and from the Financial Analysis group," adds Pantano.

Both sets of numbers were coming from the Peoplesoft system, but the analysts had to load theirs into spreadsheets in order to manipulate them for planning and forecasting purposes. This often resulted in errors and the two sets of numbers not tying together properly.

### The Solution

To address these continuing problems and the growing frustration, the FP&A team conducted an RFP exercise to select a new system, and after considering a number of leading products, chose the Longview Performance Management application to improve financial planning and forecasting at 24 Hour Fitness.

"We needed to get a planning system in place quickly, so we chose Longview because it offered an out-of-the-box planning module," explains Pantano, adding that with other leading products, they would be starting from a blank page and it would take quite some time to build what they wanted. "The Longview application already had most of the functionality we needed, so we would be able to start using it in just a couple of months."

According to Pantano, the Longview Platform integrated seamlessly into their existing financial systems environment and user training was easy because the product is quite intuitive and looks like a tool that people have used before.

“I remember receiving terrific support from the Longview team and our Longview sales person stayed involved the entire way and she continued to stay in touch with us after implementation,” says Pantano. “My team was extremely happy and they still talk about how agreeable and easy it was to work with the Longview team.”

Using Longview to replace ‘writing and running Peoplesoft queries and uploading data into Excel for manual manipulation’ with simple ‘click & drag’ gave 24 Hour Fitness a much more flexible and detailed financial and statistical analysis capability. For example, ‘benchmarking’ (comparing data from one club with that of another) is now quick and easy with Longview, making it much easier for 24 Hour Fitness to do regular ‘vintage reporting’ – looking at club-level data based on where the club is in its lifecycle, and comparing data amongst clubs that have been operating for the same length of time.

“We do most of our budgeting and forecasting based on this same detailed style of approach,” says Pantano; “But before we had Longview, it was quite painful to do all this in Peoplesoft because it wasn’t very flexible and provided only minimal drill-down capability, so it was hard to do trending at a detailed level.”

Longview’s capability to support scenario analyses is also making it easier for 24 Hour Fitness to do its three-to-five-year long-range plans. A budget item set at the company level, for example, is automatically pushed down to all 400 clubs, making it easy to see what this would mean to club operators.

“Now, I can quickly generate P&L statements based on ‘what if’ numbers, and for any club and at any account level,” enthuses Pantano. “And with Longview’s flexibility, it’s now much easier to rollup club-level numbers into Districts, Regions and Divisions and forecast and report from this.”

## The Results

From a purely planning and forecasting perspective, the simple ‘click & drag’ capability of Longview and the ease with which one can do ‘what if’ analyses and trending at all levels of the data allows the 24 Hour Fitness FP&A team to forecast and plan in greater detail and with much greater accuracy.

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“Our forecasts now have much more ‘sense’ behind them, and because changes to the data can be manipulated so easily and ripple through the entire system, I can now partner with the people who actually own the data,” says Pantano. Club operators, for example, can be involved in reviewing the plans and inputting to the numbers, so they know what they are signing up for, but without having to learn the system and build the actual budgets.

One of the most significant results that 24 Hour Fitness is experiencing with Longview is that FP&A analysts are now better able to support senior management decision making by responding much quicker to information requests – in minutes instead of days – and with data that has proven to be more accurate and consistent with their other accounting and financial reporting.

As a result, Pantano and his FP&A team are hearing company executives say, “Ah ha, these guys know what they are doing, the numbers I’m seeing are good and they all tie, and when I ask them for a change to the data, I’m seeing results in an hour, not in two or three days, or even never.”

With the help of the Longview application, the FP&A group is now better able to demonstrate its worth to the company; and because they now have more time and better, more-detailed data with which to conduct analyses that generate value for the business, they are proving themselves to be a strategic resource, as opposed to a shop that people come to just to ask for numbers.

“Day to day, it’s about being able to thoroughly understand our business, benchmark the performance of our clubs and understand our business drivers much better and quicker,” concludes Pantano.

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## About Longview Solutions

Longview Solutions helps companies manage the business of finance with a unified, scalable application that can automate any one, or combination of, the following financial processes: Planning, Budgeting, Forecasting, Consolidation, Tax Provisioning, Management Reporting and Profitability Analytics. Since 1994, hundreds of Fortune 1000 enterprises have standardized on Longview’s Corporate Performance Management (CPM) software to create a single source of financial truth, realizing significant improvements in data integrity, decision support, visibility and financial transparency. Longview is based in Toronto, Canada, with additional offices in Philadelphia, Chicago (USA) and London (UK). For more information please visit [www.longview.com](http://www.longview.com).



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