

## Success Story

# Planet Fitness franchisee grows 3X while saving \$100,000 annually

Alder Partners, LLC

“The benefits we get from Sage Intacct are priceless. It increased our speed and visibility exponentially, which is critical with the kind of growth we’re experiencing.”

### John Kalinowski

Controller, Alder Partners, LLC

### Company overview

An independent franchisee of Planet Fitness since 2009, Alder Partners, LLC operates 20+ gyms across Massachusetts and Georgia. Planet Fitness is one of the largest and fastest-growing franchisors and operators of fitness centers in the United States, serving more than 12.2 million members at 1,646 locations.



### Company

Alder Partners, LLC

### Location

Massachusetts and Georgia, US

### Industry

Leisure, Media & Entertainment

### Sage Products

Sage Intacct

### Executive summary

Previous software:

- Intuit QuickBooks

### Results with Sage Intacct

- Improved cash forecasting and increased budget accuracy by 10%.
- Shifted 50% of bookkeeping effort into forward-looking analytics.
- Cut monthly close in half.
- Avoided \$100,000 in annual finance salaries amidst 3X company growth.

Alder Partners LLC





### **Getting in shape with a scalable, multi-entity financial foundation**

An independent franchisee of Planet Fitness, Alder Partners, LLC has expanded rapidly over the past decade, opening three or four new clubs every year. The group currently operates over 21 gyms across Massachusetts and Georgia, serving over 147,000 members. In the early days, the partners ran each location as a separate business with independent financial processes and its own chart of accounts in QuickBooks. The company did informal quarterly reviews of its books, but lacked comprehensive consolidations or real-time visibility across gyms.

Once Alder Partners, LLC reached six clubs and set a goal for continued 30-40 percent annual growth, its owners realized they needed to centralize financials in order to scale efficiently. They hired a controller, who immediately went in search of a robust system that could support an audit-ready, multi-entity financial close. “We looked at Microsoft Dynamics GP and Oracle NetSuite, but chose Sage Intacct because it had everything we needed in one, easy-to-scale solution,” remembers John Kalinowski, Alder Partners, LLC’s controller. “We were impressed with its ability to handle many different entities and location groups with streamlined inter-company transactions and consolidations” said

John. By graduating to Sage Intacct, Alder Partners, LLC automated its financial workflows, which offset the cost of a third-party accountant and avoided an estimated \$100,000 in annual salaries – despite tripling in size. The software helped cut the monthly close in half, allowing John to free 50 percent of his time from day-to-day accounting tasks for more forward-looking business analytics, improve cash forecasting, and increase budget accuracy by 10 percent.



All of these time savings helped Alder Partners, LLC shorten its financial close from three weeks to just 10 days.

### **Efficient processes slash monthly close and accelerate business planning**

With support from Sage Intacct partner RSM, Alder Partners, LLC revamped its financial structure. According to John, “Our RSM implementation team was great. They helped us design the building blocks of our new financial system with a solid chart of accounts.” By using the software to automate several previously manual processes – like managing inter-company reconciliations, recording hundreds of daily cash transactions, entering payroll, and allocating invoices across locations – the finance team saved at least 1.5 full-time employee equivalents they would’ve needed to manage 29 different entities in QuickBooks.

For example, RSM connected the Planet Fitness point of sales system with Sage Intacct. This integration pulls daily sales totals and various revenue transactions types from each club right into general ledger journal entries. In addition, the group’s bank, which pushes cash from 20 operating accounts into an investment account each night, produces an online report that John simply imports into Sage Intacct. At the end of the month, the system effortlessly reconciles each bank account with all of those cash transactions, something he says would be a time-consuming nightmare otherwise.

John also uses Sage Intacct’s import function to create instant payroll entries from each entity’s separate ADP accounts. All of these time savings helped Alder Partners, LLC shorten its financial close from three weeks to just 10 days. “Once we were freed up from a crazy monthly close process, we were able to do other things that add business value,” said John. “We shifted our energy from 75 percent bookkeeping to just 25 percent, so we could spend the remaining 75 percent of our time focusing on planning, forecasting, and budgeting,” explains John.



### **Real-Time dashboards take the blinders off growth forecasting**

After getting these basic accounting workflows under control, John quickly developed expertise in Sage Intacct's reporting and dashboards – where he tracks cash balances, number of members per location, monthly dues collections, various marketing expense categories, margins by entity, and several other operating metrics and performance trends. Sage Intacct calculates each expense type as a percentage of revenue, so management can monitor monthly spending on things like payroll, advertising, and gym supplies against pre-determined benchmarks. John estimates the company's budgets are at least 10% more accurate and its cash flow has improved, because he can easily track actuals-to-budget for specific entities and re-forecast every six months.

“Before we adopted Sage Intacct, we were running blind since it just wasn't possible to do any kind of real-time analysis,” shared John. “Now, we're constantly measuring and optimizing year-over-year same store sales, various marketing campaigns, each of our five main revenue categories, and the ramp cycle for new gyms – the visibility we have is like night and day,” says John. When Alder Partners, LLC opens a new club, the owners know exactly when it's likely to reach the break even tipping point, and how far it has to go before hitting revenue targets. This insight helps each location manage controllable expenses, especially around cleaning supplies and cost of goods sold. John can see if one club is less efficient than others, drill down into its spending, and get it back on track towards profitability.

This also supports the group's long-term scenario planning and cash forecasting. As a result, John can ensure Alders Partners has the borrowing capacity to achieve its five-year growth objectives. “Sage Intacct makes it easy to give our bank the comfort to lend to us. We can confidently and quickly say, ‘our last three gyms ramped up and were profitable within three to six months,’ and the bank will loan us the money we need to get more locations open faster,” noted John. “I can deliver the performance information our lenders want in half the time it took me on QuickBooks, when we had much fewer entities to consolidate,” concludes John.



Sage

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