



FAQ's

Culture

What type of person runs a group (who makes a great evolutionary)?

An evolutionary is :

Google's Mantra is "do no evil" evolutions is "I am respected, I am trusted, and I take care of others"

To be that person requires certain qualities and behavioural traits. An evolutionary must have these qualities and or be committed to having them. Simultaneously there needs to be an understanding that life is a moment by moment experience. One moment you are on and emulating these qualities and the next moment you are off.

"I am respected, I am trusted, and I take care of others" is like the rudder bringing an evolutionary back to their commitment"



The qualities

A leader of people:

A leader in their own lives and therefore somebody who understands that we make our own luck, that success takes persistence, commitment, hunger, a desire to learn and grow and a willingness to do the work. Able to lead others, be a stand for them, care for them authentically and truly want them to have lives that work. To do this sometimes requires putting one's own needs aside and focusing on the needs of others. This is the basis of service. The conundrum (and reward) of this approach is that if you help enough other people to have lives that work then your life **MUST** work.

Somebody who is able to work as part of a team, is coachable and willing to be a coach, is open to change and doing things differently.

Somebody who understands what partnership means. Evolution is a partnership in the truest sense of the word. A KLIK only works when clients are training and loving their evolution experience and in partnership with their evolutionary. A KLIK only works when an evolutionary is working in partnership with evolution HQ and the other evolutionaries and understands that in a partnership both parties must be aligned, both have needs and must work in the best interests of each other. At the core of this relationship is TRUST and it is something that is very fragile.

Somebody who is able to handle straight and authentic conversation and is able to handle being spoken to in a straight way but also to deliver straight conversation. It is understanding that to be respected is more important than being liked and that for the company to be one where politics and internal bickering do not exist requires every person to be fastidious in open authentic conversation and **NEVER** harbouring grudges or creating splinter groups with personal agendas.



Somebody who understands that they are not an employee. They are the creators of their own business that is absolutely aligned to moving as one with the evolution vision. To do that requires both the ability to be independent but also to participate in a shared vision.

Somebody who understands that a business exists to make money BUT that it is never about the money.

Somebody who wants to participate in the transformation of the world one sunrise at a time and understands the good that evolution is doing in the world.

Somebody who wants to be successful and live a great life that is dynamic, self expressed and loved and never something that has to be done or just a job to do.

Somebody who is committed to delivering an amazing session and evolution experience day in and day out.

Somebody who is interested in creating, running, nurturing and sustaining a great business within the structure of the evolution model and opportunity

Is somebody who believes in the evolution brand, mission and values and wants to carry them and grow them in the world.

Somebody who is inspired by the philanthropic aspect of evolution (you move me) and is committed to supporting it financially and philosophically
Is somebody who will not allow evolution to become a business or brand that loses its integrity or its way or compromises itself for the sake of short term financial gain or the easy way out.



Somebody who is comfortable with the fact that as an ever evolving business we will need to be flexible in our policies, procedures and vision but that it will always be a WIN for all stakeholders.

The other is to develop the qualities and abilities to become a leader of people who support others to lead a life where they honour their word (to train) and how from that simple act so many life lessons are learned

Why is 6am such a focus?

The evolution outdoor group fitness concept was launched in 2001. Initially it covered numerous time slots in the day between 6am and 7pm. As well as this we also experimented with the number of members per KLIK. At one stage in the early 2000's KLIK's had 4 instructors and 116 members in a location and timeslot. Over time we realized that an optimal size for a KLIK was 60 paying members with 17 - 30 people attending on average between two instructors.

The reason for 6am focus is as follows:

1. There is something sublime about being able to wake up with the sun and be out there doing something the world while it still slumbers
2. Training in the morning is a time of day where there are the least amount of interruptions. Usually the only thing that gets in the way is a personal level of commitment. Training later in the day or at night stuff comes up, traffic jams, meetings, family commitments and fatigue to name a few
3. Training in the morning allows you to take your energy into the day. it gets rid of the cobwebs. Starting a day with physical activity and surrounded by positive energy and a community of people all engaged in being active simply feels amazing



4. On the business side we also realized that 6am allowed a trainer to have a stand alone business in the wellbeing sector. A full KLIK at 6am represents a great income stream especially in tandem with another related or unrelated job role. We felt like this would be a great opportunity for people seeking further personal fulfilment or income opportunities.
5. Also success comes from focus and a focused message "evolution starts at 6am" is now our catch cry and what we are known before. It is one of the key differentiators of the brand and the brand strategy.
6. Currently we are looking to develop a three time slot focus with sessions running at 6am, 7:15am and 9:00am (the latter two time slots would have flexible start times). The rationale behind this would be that the evolutionary would aim to have approximately 120 members between the 3 time slots. They would be finished the training component of their day by 10:30am and could then focus on admin and other financial opportunities. As a lifestyle choice this represents an amazing opportunity. Imagine earning a six figure income doing what you love all by 10:30am (footnote: be aware that there is a significant admin time component to running your KLIK)

What does evolution do differently to any other outdoor training business out there?

In answering these questions we take into consideration what we do as opposed to our primary competitors in Sydney. They would include outfits like OBC, Dangerously Fit, Bottums Up, East Side crew and Step into Life. Some of the specific ways we are different are:

1. A financial model that is a win for all parties. This is neither an employment opportunity nor is it a franchise. You get to participate



in the financial success of the KLIK with a minimal financial investment. From a legal perspective you are a licensee but in terms of the way we approach our working relationship with you, you are a partner.

2. Methodology behind how KLIK accountability works and the IP that allows you to manage over 100 paying clients in a very efficient way
3. A totally integrated custom built software solution that includes an iPhone App from which you can run every aspect of your KLIK
4. A fully searchable online reference library that enables you to locate a specific aspect of running a KLIK that you want to understand or improve on and the steps needed to implement it.
5. Economies of scale and leverage, we all work together as a team and share resources and ideas in a facilitated (as opposed to ad hoc) manner. The industry can often feel very isolated especially when trainers work outdoors and alone. No other outdoor business brings its trainers together in the way that we do
6. Our brand strength - loads of thought and money have gone into building the evolution brand into something that looks great, can evolve with the business and the industry and has the potential to become iconic
7. The KLIK cluster model whereby KLIK's that are located in close geographic proximity to each other work together is unique to the evolution model. Share days, and equipment rotation are two of the primary advantages
8. Evolutionaries all support each other and this provides a certain logistical freedom that allows evolutionaries to go away or have their KLIKs looked after when there is an emergency. HQ also assists in this regard with initiatives like the roving evolutionary
9. The broad spectrum of activities includes activities like kayaking, pilates, yoga, and mobility sessions another unique aspect of evolution



10. The unique structure of the evolution timetable enabling a client to tailor make their own training within the context of the program - this is specific to a KLIK that has a two instructor model.
11. KLIK specific time slots and the way it creates community. Each time slot in each primary location is its own unique training community. Most other fitness businesses have a totally flexible timetable whereby clients can attend in whatever time slot that they like.
12. Centralised events from HQ
13. A significant HQ support staff (Step into life would be the only company in this space with an internal support staff remotely like ours. Their franchise type structure does not allow it to be utilised in the same way anyway)
14. The founders (Mike and Tom) still actively run a KLIK. That allows us to walk the talk and keep our finger on the pulse in terms of what our clients want and what our evolutionaries need to do on a day to day basis
15. You move me - our inspirational give back project that provides prosthetic limbs to amputees is completely unique to evolution. it differentiates us and will become a key way in which we market the business.

Expectations

What if I don't want to do 6am?

6am is the glue that binds us all and is our signature dish.

As the business is evolving we are looking at moving away from a requirement for all evolutionaries to do a 6am session. Instead the requirement will be to deliver a particular evolution experience. At present to qualify as an evolutionary you must do a 6am KLIK unless you have a



specific area or market segment that you want to focus on that would not fall into this

Can I run mid morning, lunch, or evening time slots?

Our "ideal model" is that an evolutionary runs a 6am KLIK, a 7:15am KLIK and a 9am KLIK. This enables a structure whereby session delivery is focused into the morning slots and allows the evolutionary to then be done with training by 10am and spend the rest of the day focused on other stuff.

The assumption is that with 3 KLIK's the evolutionary will be managing in the vicinity of 120 paying members. This becomes a very viable business. Concentrating focus into these three hours allows for focus and a very clear marketing message and brand identity. This is why we are reluctant to consider other options. From a lifestyle perspective it is also a great option

We advise that not all three time slots are opened simultaneously. It is better to get a core group at 6am before opening an additional time slot. Evolution starts at 6am but doesn't end there. 6am is critical to the offering and therefore must be offered. 7:15 and 9am are the next time slots that are focused on.

There is the opportunity for any timeslot to be offered, eg mid morning, lunchtime, afternoons or evenings, depending on opportunities in the area and the Evolutionaries preferences.

Can I bring my own existing clients into the KLIK?

This would be the ideal structure whereby your working identity as a trainer is rolled into evolution. Bringing clients into evolution will enable a scenario where these clients are paid for by creating a trailer based income



stream over a set period. These are negotiated with HQ on a case by case basis.

Can I open more than one KLIK?

At present you can not open more than one KLIK but as the evolution business grows we recognise that our lead trainers are seeking additional revenue opportunities. We are currently looking at ways that could incorporate an evolutionary opening an additional KLIK but right now we do not have a working model.

Can I get Personal Training hours through my Evolution clients?

At this stage Evolution does not actively market a personal training service however it is on our development agenda. In the interim any referrals from evolution clients or requests for services must be brought to the attention of evolution HQ. As part of your training identity as an evolutionary these clients will be billed through evolution. The revenue percentages take into account a small admin and service fee from HQ with the evolutionary receiving the majority share of the money.

Can I organise corporate training through my Evolution clients?

Corporate training is not on the current focus of evolution, however, this is considered group training and part of evolutions core competency so it is imperative that any referrals for corporate training from current members must come to and through HQ.



Can I use Evolution resources (equipment, database, other trainers) outside my evolution sessions?

All resources provided by evolution are for use exclusively in supporting Evolution clients and running your evolution business and may not be used for any other purpose.

Financials

How much will I earn?

As an evolutionary the amount you earn is a function of the fee revenue you generate through your KLIK and will vary each block with the number of paying clients in your KLIK and the fee that you charge each of those clients. Your proficiency at generating leads, converting leads and retaining clients will each influence the fee revenue that your KLIK generates over time. A service fee of 50% of your KLIK's fee revenue is payable to evolution HQ at the end of each four week block.

You can expect a ramp up period of around 12 months from when you start marketing your KLIK to achieving a full KLIK of up to 60 paying clients in each of your offered time slots. The duration of your ramp up period will be determined by your ability to generate leads, convert leads and retain clients and will influence the revenue that your KLIK generates over time.

You may experience some seasonality in client numbers, for example a reduction in client numbers during winter, which may influence the fee revenue that your KLIK generates over time.

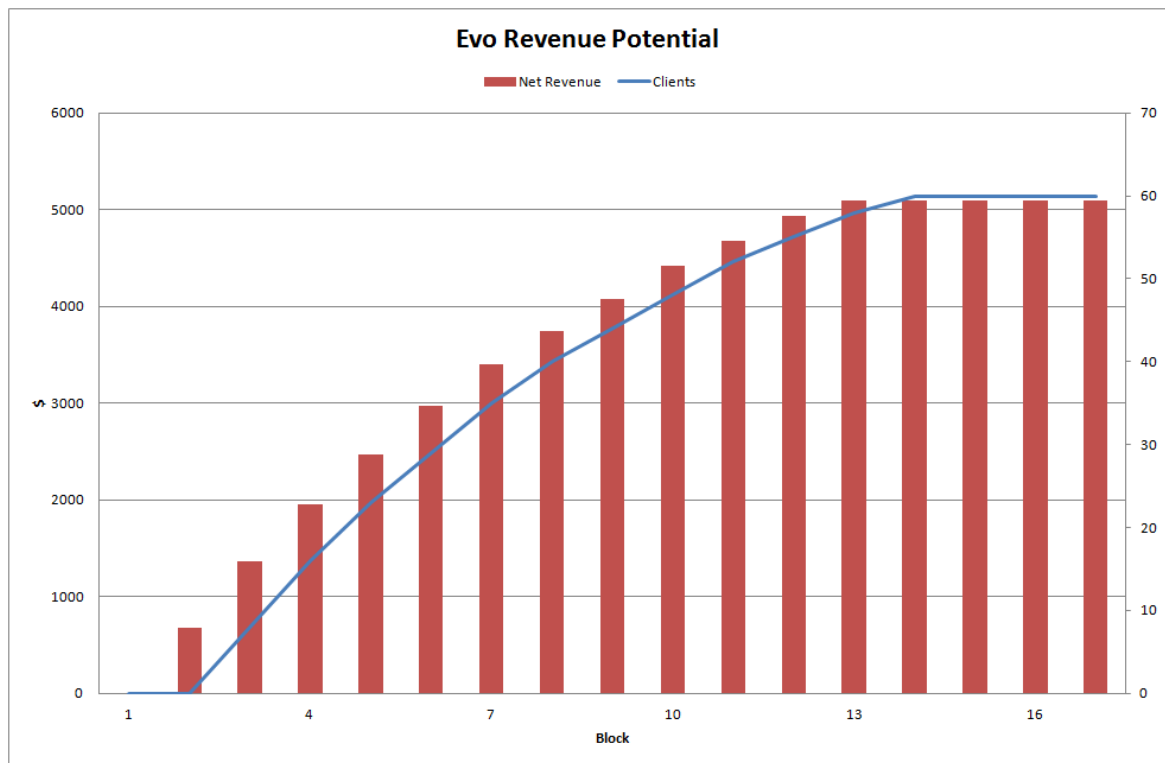


The following example illustrates the KLIK revenue potential for an Evolutionary based on key assumptions noted below:

- [\$170] = average fee per client per four week block (ex GST)
- 12 = number of four week blocks per year
- 8 = number of new clients per block
- 90% = retention rate of clients per block
- a client is a paying member, not a one week trialist or training on a voucher
- net revenue = gross revenue - service fee

Key target milestones following launch:

- Ramp up phase - blocks 1 to 12:
 - block 6 - reach 35 clients, \$3k net revenue/block and cumulative net revenue of over \$9k, plus an average attendance of 18 clients per session now warrants a second trainer;
 - block 9 - reach 45 clients, \$4k net revenue/block and cumulative net revenue of \$21k;
 - block 12 - reach 58 clients, almost \$5k/block in net revenue and cumulative net revenue of \$35k.
- Maintain and retain: block 13 onwards:
 - block 13 - reach 60 clients and over \$5k/block in net revenue;
 - block 13 onwards - maintain 60 clients and annual net revenue of over \$60k per timeslot.



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What if I want to sell?

You are able to sell your KLIK, or more specifically your rights under the Services Agreement. All you need from evolution HQ is the OK that the proposed purchaser is a suitability fit as an Evolutionary.

Do I own an area (what if someone else operates in my area)?

Yes, your Licence Agreement gives you the ability to operate in a specific locality at specific times. We will not allow another evolutionary to operate in a competing area without a discussion with any potentially impacted Evolutionaries.



Can I get someone else to run the KLIK for me?

In times of leave and illness you can get someone else to run the KLIK for you. evolution HQ should be notified of any stand in trainers and they may want to assess or qualify the trainers skill set.

Holiday Cover - We recommend Evolutionaries to take limited time off from running their KLIK throughout the annual Evolution calendar. During this period(s) evolution HQ will work closely with the evolutionary to create a solution for sessions to continue.

We also close the program for 3 weeks over Christmas and New Year.

Long Term Solution - At present you can not open more then one KLIK in any particular time slot but as the evolution business grows we recognise that our lead trainers are seeking additional revenue opportunities. We are currently looking at ways that could incorporate an evolutionary opening an additional KLIK but right now we do not have a working model.

What will it cost me to run a KLIK?

Please see below a list of costs to run a KLIK -

1. There is an initial one-off administration fee, currently \$2,500
2. Annual License Fee, currently \$500
3. On-going services fee of 50% of KLIK revenue (ex. GST) calculated on a 4 weekly cycle
4. If there is a fee payable to the Council to use the area, this cost will be shared between the evolutionary and evolution HQ.
5. Cost of wet weather locations on non-shared days.
6. Replacement of initial equipment such as - Mats, Boxing Inners, Skip Ropes, First Aid etc
7. Branded apparel / uniform

8. In the world of business things change, and new costs may be applicable at a future date

Are there any other hidden costs involved with starting?

No hidden costs, but be mindful of the below costs in starting up a KLIK -

1. Personal IT equipment and software e.g. iPhone, Printer, Internet, Laptop / Desktop, MS Office software
2. Insurance including Public Liability, Qualifications including Fitness Australia, and First Aid
3. Owning / Running costs of Vehicle
4. In the world of business things change, and new costs may be applicable at a future date

How long does it take for a location to reach its capacity?

Capacity of a 6am group is 60 paying clients. The time taken to grow your KLIK to capacity will depend primarily on your ability to convert leads and retain clients. Based on current performance it takes between 9-15 months to hit this target.

Capacity of a mid-morning group e.g. 9am is currently thought to be [30] paying clients. These mid-morning groups are currently taking longer to reach capacity because of the lower demand.

On-boarding & ongoing career support

What does the induction and on-boarding process look like?

We have a thorough Induction process that will help you every step of the way. Once you have decided that evolution is for you we start with a 1.5 Day Induction where we show you how to run a KLIK and provide you with step by step information on how to get your KLIK ready for your launch date and educate you on all the relevant systems.

Just prior to Launch we will take you through a 3 Day induction. During this induction you will learn how to run a session and we will give you your equipment. We will also education you on the business and how to run your KLIK.

We then work closely with you over the initial 90 days to ensure you are completely supported and comfortable with running your KLIK.

Are there career advancement opportunities?

Yes, we see your journey with evolution to be a career and not just a job. We know that you will work hard and we will provide opportunities to ensure we are supporting your career every step of the way.

We are currently working on leadership programs for our more experienced evolutionaries so they can support and lead those coming into the evolution group.

We also have plans to build and grow the evolution group so when the need is required we will have Cluster Managers that will support and lead an area so that we are retaining a consistent approach across the team.

Are there professional development opportunities?



We work closely with our trainers to ensure they are continuously improving on their technical skills as well as their business acumen. We tailor development plans depending on the individual requirement. We do hold workshops and sessions throughout the year for professional development to help us all remain competitive within the Fitness Industry.

What does the Mentoring program look like?

We have an initial on-boarding program that has a large component of Mentoring. You will be mentored in running your KLIK from either Tom or Mike who are highly experienced in group training and running a business. Mentoring is also available past the initial on-boarding. We will work with you to tailor a mentoring plan which may be either an internal mentor or we help you source a external mentor that will help you with your specific needs.

Operations

Do I create my own sessions?

The equipment and assistant trainers are assigned by evolution HQ. Taking these factors into account, the evolutionary designs the content of the session. Session content guidelines are provided by evolution HQ.

What equipment do I need?

As part of your start up pack, you will be provided with an initial quantity of -

Exercise / Yoga Mats x 14

Boxing Inners x 28



Key Box x 1
Cones x 10
Skipping Ropes x 14
Lighting x 1
Tarp x 1
Basic First Aid Kit x 1
Stationery required for running of KLIK x 1
Utility Box (to store tarp, keybox, first aid kit) x 1
At session advertising materials x 1

Foundation / Celebrity equipment will be provided to you by evolution HQ as set out in the equipment roster.

Any other equipment over and above this is the responsibility of the Evolutionary to provide and must be approved by evolution HQ prior to use.

What if I don't work on Saturdays?

If you are not prepared to conduct sessions on Saturdays for evolution you should raise it immediately with evolution HQ.

Short term in may not be an issue, but long term it will be expected by evolution HQ that you make yourself available for Saturday sessions as per the roster issued by evolution HQ. This will not be every Saturday.

How much time do I need to invest outside of sessions?

This depends on how quickly you carry out the necessary essentials to make your KLIK run effectively.

If you are self-driven, organised and work in a structured way (which we will show you) you should be able to run your KLIK with approx 1 hour of outside session time invested.

This may be more on some days than others and may be higher in the early days as you familiarise yourself with the systems and processes.

How many clients are optimal in a KLIK?

60 clients

How many sessions do clients attend on average per week?

2-3 sessions per week

Do we need council agreement for locations?

This depends on the council's policy for the area in question.

Can I have a second trainer?

We say the full evolution experience doesn't start until there are 2 trainers at a session. That being said, second trainers represent a significant cost to evolution HQ, so they are not assigned to a session until deemed necessary based on attendance and financially viable.

How do you ensure consistent delivery across the KLIK's?

All trainers go through the evolution induction workshops on how to deliver the evolution experience. We have a very thorough 8 week Pre-launch program where we teach each evolutionary to market their business and build a client base the Evolution way. We have a well informed 3 day induction showing you how to run your business with evolution ways of working. And we also have a very thorough 90 day on-boarding process, which ensures there is a consistent delivery across all KLIK's.

Apart from the initial stages we also have our Annual Trainer Retreat where we update all trainers with the latest information of the business. We also share strategy and discuss the journey of evolution for the past year and intentions for the following year.

There is a monthly meeting with all the trainers. Here we also share strategy and discuss any concerns or challenges that the trainers are facing. We find this is a great forum to share experiences and wins with your fellow trainers.

Optional workshops are available for all trainers throughout the year to attend. You'll be notified of these through the monthly meetings or email as they are offered.

There is also a wide variety of material available through our Learning Channels.

It is important that we all work as one team. Our team at evolution HQ are constantly working on initiatives that ensure consistent delivery and communication through the evolution.

Do I use my own vehicle?



Yes. evolution HQ will request that you use a car/vehicle approved by them within a mutually agreed timeframe.

evolution HQ pays for the cost of branding your approved vehicle should you want it.

What computer systems do Evolution use?

evolution HQ uses a suite of local and web-based software solutions and iPhone apps. Some of these are custom built specifically for Evolution HQ and are part of our intellectual property. Others are off-the-peg solutions that are either free or paid for by evolution HQ.

The list of software solutions includes: Rapidfire (custom CRM and Ops system), Mailchimp, Ezidebit, The Evolution App, MS Office Applications (to be provided by the Evolutionary as part of their IT requirements), Facebook, Google Mail and Apps.

During the Induction process you will be provided with information and education on all the relevant systems. We will give you instruction manuals and also help you upload any iPhone apps or systems.

Is there a nutritionist we can use as an offering that works in tandem with training?

Not at this point. If you use a nutritionist to refer clients to, please check with evolution HQ first.



Sales & Marketing

How does Evolution find me clients?

We use a variety of tools; the main driver of leads comes from daily deal partners, which we rotate throughout the year. We optimize the website for search queries, we talk with strategic partners who could be aligned with to help leverage any local initiative that may be pulled together to announce and launch to your local area.

We will communicate with our database and encourage friends sign up, we will also run social media campaigns in the run up to launch as well as developing links on other company websites.

We offer training on all our marketing from a Macro and Micro level – and provide you with the tools to roll out your own 8 week plan prior to starting up.

What is the marketing plan for a new start up business?

We have a comprehensive Pre-Launch program that is a an 8 week plan providing you with all the support and material you need to build your client base from a marketing perspective.

To kick this 8 week plan off we have a 1.5 Day Induction where our Marketing team takes you through everything you need to know and how you implement and plan to have a success KLIK by the time you launch.

We provide ongoing marketing support throughout your evolution journey.



Does HQ assist in helping a new business source the appropriate location?

Once you have identified an area to work in, then we will assist with the appropriate follow for feasibility study, check with the local council and look into the socio-economic grouping around the suggested area.

Is the website being updated?

Yes, we are currently working on a new website which we expect to be launched over the coming months. In the short term we may need to update the current website with the new details of any launch of new location. We would also look to highlight this on the main page as well to drive traffic to the right page.

Is there an events calendar on important Evolution key dates for 2013/2014?

There is an events calendar, which has all the relevant key dates for all Evolution events including what's going on in and around Sydney/Mel/Bris. This is handed out to all evolutionaries s at the start of each year and also a PDF emailed to them so they can take note of these dates ahead of time. Key Event dates are also advertised on the Friday Wrap email and will be on the events page on the new website.