Losing Money to Become a Tycoon: Starting with Games

Chapter 478: Then Let Me Change This Industry

Such an unusual question immediately left Guo Licheng speechless.

Pei Qian continued, “What is your current base salary?”

Guo Licheng answered honestly, “1,500 yuan.”

Pei Qian asked again, “How does your commission work?”

Guo Licheng replied, “Different levels of trainers get different commission rates. On average it's around 30 yuan per session, and a personal training session costs 200 yuan.”

The price of personal training was about what Pei Qian remembered. The sessions he had arranged for his own employees were priced similarly.

Of course, viewed from ten years in the future, it was quite cheap—practically a bargain.

Pei Qian quickly did the math.

“If you average three personal training sessions a day and work every day of the month, that's 5,400 yuan in commission. Add the 1,500 yuan base salary, and that's 6,900 yuan total.”

In Jingzhou at present, that was actually a pretty decent income.

Guo Licheng hesitated before saying, “It's not really that much. Many of the personal training sessions I teach are transferred to me by other trainers, so I have to share part of the commission with them. My actual monthly take-home pay is usually around 5,000 to 6,000 yuan.”

Pei Qian nodded.

This man really lived up to his name—honest and straightforward about everything.

For personal trainers, selling classes was the core skill. The more classes they sold, the more commission they earned.

In major cities, some trainers could make 30,000 to 40,000 yuan a month purely through sales, though such marketing prodigies were exceedingly rare.

Someone like Guo Licheng—quiet, reserved, and prone to telling blunt truths—naturally wasn't very good at persuading people to buy personal training packages.

The trainers who were good at sales often convinced too many clients to sign up, then found themselves unable to teach all the sessions personally. As a result, they would transfer some clients to trainers like Guo Licheng, who had more free time.

But unless they were extremely close friends, those transfers were never free.

Pei Qian nodded again.

“I'll offer you an 8,000-yuan base salary. No commission. But there will be meal allowances, housing subsidies, regular health checkups, and other benefits.”

Guo Licheng froze.

“Uh, President Pei, my concern isn't really about compensation. The main reason I'm leaving the industry is because—”

Pei Qian interrupted him, “Then make it 10,000 yuan base salary, plus all the benefits. Still no commission.”

Guo Licheng fell silent.

He was tempted.

A 10,000-yuan base salary.

Even if he left the fitness industry, where else could he find a job paying that much as a guaranteed salary?

Besides, Guo Licheng genuinely liked the fitness industry. The only reason he wanted to leave was his disappointment with its current state.

Now, not only was the salary absurdly generous, but the phrase *“no commission”* surprised him even more.

That level of sincerity moved him.

At the same time, however, it made him worry about President Pei.

He didn't want such a sincere employer to become a fool who took over a failing gym only to lose everything.

After a moment's hesitation, Guo Licheng asked, “President Pei, you haven't really studied the fitness industry in depth before, have you?”

Pei Qian answered honestly, “No.”

Guo Licheng wore an expression that seemed to say *'Just as I thought.'*

“To be frank, President Pei, you're oversimplifying things.”

“From my perspective, the compensation you're offering is very attractive, and the absence of commission is actually a good thing.”

“But it's terrible for the gym.”

“Commissions are what motivate trainers to aggressively sell memberships and personal training packages. That's how gyms make enough profit to stay in business.”

“If there's no commission, trainers won't be motivated to sell. And if nobody is selling classes, who is going to buy them?”

Pei Qian smiled.

“No one needs to buy them.”

“From now on, our gym won't even have personal training classes.”

Guo Licheng blinked.

“Huh?”

Seeing the bewildered look on Guo Licheng's face, Pei Qian found it rather amusing.

He briefly explained the various rules and operating principles of Managed Fitness.

As Guo Licheng listened, his expression gradually evolved:

From confusion...

To shock...

To hesitation...

To puzzlement...

And finally...

To pity.

After Pei Qian finished his explanation, Guo Licheng let out a soft sigh.

“President Pei, now I'm certain.”

“You really don't understand the fitness industry.”

“To be honest, gyms that try to operate with a conscience don't survive for long in this business.”

“If you run it the way you're describing, you'll end up offending everyone.”

“You probably won't earn a good reputation.”

“And you definitely won't make any money either.”

"Oh?"

Pei Qian was delighted.

It seemed that his plan had been validated by an experienced fitness industry insider.

That was a very encouraging sign.

Of course, he kept his excitement hidden and simply asked:

"How so?"

Guo Licheng cleared his throat, glanced at Manager Wei—who was currently discussing the contract with Assistant Xin—and lowered his voice.

"To be honest, President Pei, the fitness industry today is basically a gamble."

"People who join gyms are betting that they'll start going every day after buying a membership."

"And the gyms are betting that they won't."

"More often than not, the gyms win."

"But even so, gyms across the country still shut down or disappear in large numbers. Plenty of people buy memberships, stop going for a few months, and then discover that the gym has already vanished overnight."

"It's not an uncommon occurrence at all."

"So this is an industry where bad money drives out good money. It's similar in nature to... certain other industries that are famous for selling memberships and then disappearing."

"The ruthless make money. Those who try to operate with integrity and think long-term are incredibly rare."

The more heavily Guo Licheng spoke, the happier Pei Qian became.

If that's really how it works, then the situation is even better than I imagined!

Pei Qian silently thought, *This is exactly what I like to hear.*

"Go into more detail," he said, maintaining a calm expression.

Guo Licheng clearly had plenty of pent-up complaints about the industry.

Keeping his voice low, he continued, "President Pei, honestly, your pricing model of fifty yuan per day is the worst of both worlds."

"Most consumers will do the math. If they come four times a week, they'll spend nearly ten thousand yuan a year."

"That's about five times the price of a typical annual gym membership."

"They'll definitely think it's outrageously expensive."

"But in reality, those gyms selling two-thousand-yuan annual memberships survive on large numbers of unused memberships and personal training sales."

"In other words, with your pricing model, customers will think it's expensive, but you still might not make much money."

"Personally, I think it's actually very conscientious. Especially for beginners who struggle with motivation."

"But beginners don't see it that way."

"They all believe that once they buy a membership, they'll start working out every day."

"So naturally they'll think your plan isn't worth it."

"That's why I say bad money drives out good money. There are simply too many beginners. It's hard to earn money honestly, while it's incredibly easy to earn money dishonestly."

"An annual membership costs 2,000 yuan. A two-year membership costs 3,000 yuan."

"When customers compare the two, the two-year membership looks like a bargain."

"The gym is betting that they won't come regularly anyway, so the longer the membership term, the cheaper it becomes."

"On the surface it looks like the gym is losing money, but from the gym's perspective, all that matters is collecting the cash right now."

"Who cares about two years from now? Get the 3,000 yuan first."

"Once one gym starts doing this, every other gym has to follow along, otherwise all the customers get stolen away."

"These gyms aggressively sell annual and multi-year memberships, collect huge amounts of money upfront, then flood the streets with flyers, recruit aggressively, and push personal training packages without any regard for the gym's actual capacity."

"But the strategy works."

"Their marketing momentum overwhelms competing gyms."

"They exhaust the local customer base and make it impossible for other gyms to survive."

"If you try to run an honest gym and refuse to chase this quick money, you'll get crushed by their marketing campaigns before you ever have a chance to succeed."

"The gyms that make fast money disrupt the market, burn through future consumer demand, and then, as soon as things start looking bad, they pack up and run away, leaving a complete mess behind."

He paused before adding another point.

"And there's another critical issue."

"For beginners, fitness is painful."

"Most consumers in our country don't have a proper understanding of fitness."

"The barriers to entry are too high, the customer experience is too poor, and there are too many beginners."

"That's why gyms ended up operating this way."

"If you want to earn money honestly, you'd better be prepared to lose money for several years."

"The resources and manpower required are far beyond what most people imagine."

"You don't just need a good product."

"You have to cultivate the market."

"You have to change people's lifestyles and habits."

"That's incredibly difficult."

He shook his head.

"So, if your goal is to make a quick profit and leave, then forget everything I just said."

"But I know Tengda Group has a reputation for being an ethical company."

"That's why I hope you'll think very carefully and not jump into this mess on impulse."

After listening to Guo Licheng's analysis, Pei Qian fell silent.

Not because he was worried.

Because he was ecstatic.

Listen to that!

Just listen to that!

His plan had been endorsed by a professional.

And not just endorsed, *enthusiastically* endorsed.

If that's really the case, then losing money should actually be easier than I thought!

Seeing President Pei fall silent, Guo Licheng quickly added, “President Pei, it looks like the contract hasn't been signed yet. There's still time to back out.”

Pei Qian chuckled.

“Back out? No, no, no. I've thought this through very carefully.”

“Since you're saying this is an industry where bad money drives out good money, and that anyone who wants to make money honestly must be prepared to lose money for years...”

“Then let me be the one to change this industry.”

“From this moment on, you're the manager of the Managed Fitness Handong University Branch.”

“Over the next few days, you have three tasks.”

“First, recruit a coaching staff. The base salary is 7,000 yuan, with benefits but no commission. Every trainer should follow your model.”

“Look for quiet, straightforward people. Anyone who's overly slick or good at talking their way through things is out.”

“The trainers will work rotating shifts and get two days off each week. There will be morning and evening shifts.”

“At all times, there must be enough trainers on the floor to provide guidance to members.”

“As for how many people to hire, calculate it yourself. Err on the side of hiring more rather than fewer.”

“I think around twenty trainers should be about right.”

“If someone gets sick or needs time off, there should be enough staff to adjust schedules immediately.”

“Under no circumstances is anyone allowed to work unpaid overtime.”

“Second, hire a construction crew and redesign the storefront. Repaint it and make it more low-key.”

“Third, purchase new gym equipment.”

“Buy the best. Don't worry about the cost. Understood?”

Guo Licheng felt completely bewildered.

So everything I just said was a complete waste of breath?

“But President Pei—”

Pei Qian patted his broad shoulder.

“No buts. Go get ready.”

Meanwhile, Assistant Xin had already finished negotiating with Manager Wei.

“President Pei, we've reached an agreement.”

“The gym covers 1,800 square meters. The original investment was around 1.7 million yuan.”

“The major expenses were as follows: the equipment consists mostly of mid-to-low-end machines, with some second-hand equipment mixed in, worth about 500,000 yuan in total.”

“Other assets are worth approximately 50,000 to 80,000 yuan, including personal training equipment, testing devices, computers, office furniture, and similar items.”

“The renovation costs were around 900,000 yuan.”

“The remaining expenses were staff salaries, advertising, and marketing.”

“If we took over the entire operation, the transfer fee would have been around 500,000 to 600,000 yuan.”

“However, since we're only taking over the premises and renovation while excluding the equipment and other assets, we've negotiated the transfer fee down to 300,000 yuan.”

“Manager Wei will remove all of the existing equipment. We'll purchase new machines ourselves and recruit a new coaching staff. We'll also be responsible for the rent.”

“Considering that we're planning to buy high-end equipment and offer salaries above the industry average, the initial investment—including equipment, transfer fees, and miscellaneous expenses—will be roughly 1.5 million yuan.”

“Annual operating costs, including rent, utilities, and personnel expenses, will be close to 3 million yuan.”

“That works out to approximately 250,000 yuan per month.”

Pei Qian nodded.

What he was thinking, however, was:

That doesn't seem like very much money at all.

The initial investment was only 1.5 million yuan, and monthly operating costs were merely around 250,000 yuan.

Even if the gym had no customers whatsoever, it didn't seem like it would lose that much money.

Then he thought about it again.

After all, this was only one gym.

If I opened ten of them, wouldn't I comfortably lose over ten million yuan a year?

First, get this location up and running and see what happens.

If nobody showed up, then he'd simply open more branches.

As long as there were enough of them, they would surely lose more and more money!

At least, that was what Pei Qian firmly believed.