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Lawrence: Lawrence Neal here and welcome back to highintensitybusiness.com, this is episode 250 today's guest is a returning guest, Walter Vendel. Walter is the CEO of the Fit20 group overseeing the expansion in the Netherlands and abroad, directing innovation. The first Fit20 studio opened in 2009 and today they have more than 120 studios in the Netherlands and continue to grow internationally. Walter, welcome back to the podcast.

Walter: Thank you Lawrence. It's a pleasure to be back.

Lawrence: It's a pleasure to have you again, did I get the introduction? Is that accurate or are those numbers grown somewhat since?

Walter: Well actually it's some good news here to report, which is a, this month we will hit 150 studio, so that's another nice growth figure after we hit 100 studios in April 2017, we'll hit 150 just this month and we're aiming to hit the 200 before half next year.

Lawrence: Wow, that's a very impressive. Congratulations.

Walter: Thank you.

Lawrence: So every now and again, well it's or I come across or have an epiphany or come across a resource that I think is a real game changer. Luke had mentioned, Luke from Discover Strength had mentioned traction to me a long time ago. I reached out to Luke and I said, "Luke, what would be your top five reading list for a new hit entrepreneur?" And it's over that list was traction without even missing a beat. And I thought, okay, that's interesting. I should probably read that at some point. And then obviously,

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you mentioned it and mentioned doing a podcast talk about it today. And so I figured now it's time to read it.

Lawrence: And there's so much value I can get out of it because it's becoming very apparent to me that there's so much that I haven't figured out in my own business, in my online business. But also in the studio that my business partner and I are launching in January. So I'm really happy that I'm now going through this process. So Luke's raved on about this book. I know the perfect workout, big fans of traction. And so just opening this book and reading through it, I'm just seeing so much. I'm having so many aha moments, that's how you figure that out, that's how you run the business. And so it doesn't run you, you know what I mean?

Lawrence: So talk to me, how did you come across it personally?

Walter: Well, actually through another franchise formula in the US, I think it's called Brightstar, they're in the whole market, home and care market. And I read her book and at the end she recommended this book on traction. And so I thought, well, if she is recommending it and she has a very, very sound franchised organization built up, then I thought it's worth for me to have a look at it.

Walter: So I got the book and for me it was the first time when I actually read a whole book on business practice, how you can actually structure your business in a very comprehensive way where every aspect of the business is covered in a way that is actually simple and that you think, "Oh yeah, I can implement this. Yeah, I can work with that."

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Walter: So I know I've found so far that books are read on management that it's either a partial solution, it's addresses part, or it's getting really very complex and this was like best of both worlds. Put everything together for me and I thought let's have a go at this.

Lawrence: Yeah, in preparation for this, I was watching a YouTube presentation of an entrepreneur, you may have even seen this one, you had a business doing some sort of refrigeration maintenance or something like that. But he's a serial entrepreneur and he's now an EOS traction implementer, and he said exactly the same thing, he said he's come across because we've all come across so many systems and approaches and methods to running and growing a business that it can be so overwhelming and it can be quite disappointing when that initial burst of motivation, inspiration fizzles out after you realize that, either it's too complex or not appropriate for your business or what have you.

Lawrence: And it seems to me you certainly would seem, having obviously seen organizations in this sector have success of this, that this is a fantastic model. So do you want to just start talking about what it is exactly? What is traction? What is the entrepreneurial prank system to give kind of an introduction to this episode?

Walter: Yeah. Okay, well I think they split essentially for me the most important thing is that the way they look at the business is on the top end you've got your vision and at the bottom you've got traction. Then you've got four other components that make up your business. And the good thing is that

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they took best business practices from all over the place and actually put it together in this one comprehensive view.

Walter: So essentially you've got an every business you need to have a vision, then you need people to do to enact upon your vision. You then start to collect data, you will have to organize your processes, you'll bump into issues that you need to fix. And if you get your traction, which is in a way the realization of your vision. So if I think of, and I think this happens to many people start a business is first you must have a vision. So whatever type of business you start, if you don't have a vision, you can't create a new reality.

Walter: So any business is that first proposition, it doesn't exist yet. And the strength of the vision and the clarity of the vision of entrepreneur actually is leading. So one of the things that fits in the vision path for instance, is to be here, so where will you be 10 years from now? How does your business look like 10 years from now? And then you drill it down to three years and then one year and so on.

Walter: So that part actually I worked at pretty good myself and I think that is part of the reason why we've been able to get to 150 studios in 10 years' time because of the vision. And there are many small companies that don't spend much time on vision, they stay in a way with both feet in the mud. But the problem is if you're with both feet in the mud, you never get out of the mud. So you should always try to have one foot out of the mud and

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that's your fishing foot, I always say. And then the other foot is stuck in the traction bit, which is the mud.

Walter: So this is how the model for me was very recognizable and I was struggling with not so much division part in my case, but the traction part.

Lawrence: Right, okay. That's awesome way to start this. I will be quite a good way to do this would be past, we could go through the six components that surround your business in the middle. And just talk about those a little bit and then what I always find really useful is emphasizing those with case studies and maybe just not case studies, sorry, but examples. And so I would love for instance Walter to hear about the vision in terms of the Fit20 vision and how you've sort of answered some of these questions.

Lawrence: So I don't know, did you want to start with vision and then kind of go around in a clockwise fashion?

Walter: Sure. Yeah, vision is fine. So I think the first question, any entrepreneurs ask themselves, why do you exist? Or why do you want to exist with your business? What is your cause or what is your passion? And I think for us to give what we came to, and even that to drill down your vision in one simple short statements, it's actually a lot of work. And I found it's very frustrating, which is why many companies never get their vision and their mission statement sharply defined and your core values. So it begins with what is your vision, which for us was strength changes everything.

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Walter: So that simple sentence that sums up the reason why we exist. So we literally believe that if the human body is stronger, physically stronger is the biggest predictor of your life expectancy. And we also know that most people after 25 don't work out regularly anymore and then begin to actually slide backwards already. And that process of going sliding downhill only gets accelerated the older we get.

Walter: But it is reversible because you and I know that you can train your skeletal muscles in a number of ways but the high intensity training is the most time efficient manner to do that. So we spent a lot of time of why do we exist and that's because strength changes everything and we made it our mission, that we had strengths to your life. That's our mission statement.

Walter: And then our core values, we actually took the time and struggle to work it down to four core values which define Fit20, and everyone at Fit20 whether it's a franchiser, a master or an employee, they will learn and understand the vision, the mission and the core values.

Walter: So that's something we already knew is important and I saw that back in the approach of [ills 00:13:53] with the vision statements it starts with those three things, and they don't look very specific yet, but they really are the ground from which you build your organization. And then strategy follows that. So the marketing strategy is then how then if you've defined 10 year B hack or dot on the horizon. And how will you get there? That strategy, and 10 year strategy is great, but how is the three year picture and how was the shorter term, how will you do that?

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Walter: So I think all of these things are at the vision part and I felt mentally very easy with that part because we'd spend time on it. And I know that many companies don't, but all fast growing companies spent a lot of time on clarifying their vision. So that's what I would say on that launch.

Lawrence: Awesome. Now, just a couple of questions on that. I think it's quite easy for some people to listen to this and think, this is all very well but isn't it for bigger businesses. And even when you read traction, I think like the smaller businesses, they talk about like one, \$1, \$2 million annual revenue. But I get a feeling that this is something that you should implement from the very beginning regardless of the size of your business. Is that correct, do you think?

Walter: I think so, I think it's for literally a one person business to a 10 or 20, or 50, 100. I think it's relevant for anyone because even if you start a business, small business and you go to a network event, a business networking event, and you sit next to a person and many times people ask each other what are you doing. But that's actually not a very interesting question, a far more interesting question to ask another person is, "Why are you doing what you're doing?"

Walter: And that's how you connect to their passion and to their drive or their purpose and they have a very different type of conversation and then you're in the vision part, if we follow the business model of CEOs.

Lawrence: A bit of a nitpicky one, but why four values over five?

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Walter: Well we had four maybe if I would have come up with five it will be five, but we had four. I'm also a fan of simplicity, so if four do it and then you don't necessarily need five.

Lawrence: Yeah, less is more and I think we'll come onto this in a moment, but there's a bit in the process where you come up with your one year goals and your rocks and I was looking at it thinking seven for each of those is a lot and I personally would be going for two or three, I'm very much a single tasker type person who gets overwhelmed by it says the list is too long, but we'll come onto that in a moment.

Lawrence: One of the things I don't think you mentioned and maybe I missed it, was your niche. How have you defined your niche for Fit20?

Walter: Well, this is one thing which has changed over time. I'm still struggling with that because I think we were still thinking very much in the square of personal training and personal training was actually primarily for people cross financially afforded and then you end up with a niche market. The one of the things, and this is I think very important for anyone in the hit business actually we're in the time of, I would call masculinity. So what we're doing is attractive for a mass of people and not just a niche but the mass consists of niches.

Walter: And so there is I think to the hit market and niche for say aging people after their retirement who don't want to sit at home and just waiting to die, but still want to enjoy life go on holidays, play with the grandkids and they should definitely take a hit. Then there is the busy executive who would

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like to train but doesn't find the hours because he's so busy fulfilling a career. Then there's the people with health complaints of which we've got so many who have back trouble and if they just go to a gym and they train, workout unsupervised, they can next week go to the physiotherapist, because they were injured themselves and either they will train too light or too heavy, they won't get it right without professional supervision.

Walter: Then you've got the kids of these days who just spent already in a teenage years, they are just already addicted to gaming or they're sitting all day long programming or doing something on their mobiles, but they're not playing outside anymore as we did when I was a kid in Holland. Most kids don't go out anymore to play in their teenage years. So it's actually so many niches that actually all require a different marketing approach before we talk about, for instance, employees who may not be able to on their own afford training. But if you organize it, it hits facility in their company, it becomes available suddenly to many more people.

Walter: So I think we're talking about a mass market these days that just consists of niches together.

Lawrence: Yeah, so in my mind though, that would be your target market, right? In the marketing strategy bit. But the way I understood our niche in the context of this model is what you want to be known for. Right?

Walter: Yeah.

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Lawrence: So for instance, like what your strength is. So I know that discover strength, at least last time I checked him with Luke, it was personalized strength training or something like that. And that's all they want to be known for and that is their core business. Anything that doesn't fit that, they ignore it. They don't really do much in the way of nutrition or anything like that and that enables them to be more focused and productive. And so I don't know if that helps in terms of reframing my question, but have you defined that within your organization?

Walter: Yeah, well then I would say indeed we also, we had our experience with supplements and with a dietician and nutrition advice. We've come back from that and indeed we've also said we want to be a specialist and what we're good at, which is in a way similar, which is in our case we add strength to people's lives and we can do the in-company, we can do that in our own facilities, we can do that for all ages, but that's essentially our niche, we add strength. That's what we're good at.

Lawrence: It's funny, because when I talked to Luke and I learn about everything, they're doing it DS and I see how they implement traction and other approaches, I'm always like, "Oh God, it's so tempting to just copy Discover Strength." And I know that so many people in the high intensity training industry, sometimes have that feeling and Luke will probably listen to this and he might laugh and hopefully won't be fearful of that.

Lawrence: But out of respect and out of wanting to be original and authentic, I certainly will not copy his stuff on that. Sorry.

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Walter: You know what they say, better stole and write and then invented wrongly or something. I don't know how you state your niche.

Lawrence: Yeah, it makes sense.

Walter: But there is a trick to it, which is because in a way, the same with the traction book, it offers best business practices, but they are put it very well together. So the difficulty, because we've got people now that try to copycat what we're doing, but if you imitate something just from the outside, without understanding it from the inside, you still get a very poor result. So I have nothing against copying just, I mean I'm trying to not to work with this book, so I'm copying someone else's insights but they only become valuable if you make them yours.

Walter: So even if you were to copy a mission statement or vision statement from some other organization, you still have to put in the work to make it your own understanding, and then if it ends up using the same words but you give it your understanding, then I would say that's fine.

Lawrence: Those are some really wise words actually and that's probably why the likes of Luke and his team and maybe some of the other very generous business owners and executives out there are really not that worried about this kind of thing. Awesome. So you were going on there in terms of you're going onto the marketing strategy side of things. And it's funny because as I'm learning about this, I'm going, "Oh that's where Luke got so-and-so from, because they talk about the free uniques and the proven process." It's just very interesting.

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Walter: Yes, that's a guarantee.

Lawrence: Yeah, what are those for you? What are those for Fit20?

Walter: The three uniques. Well I mean we call them uniques. Of course, they're not universally uniques but they're pretty unique to the market, which is 20 minutes a week appointment only and always under supervision. And then actually we have more uniques but it depends again who you're talking to, which uniques you would emphasize.

Walter: But generally it's the fact that it's short, the 20 minutes, it's always an appointment only under supervision. And in our case, because you train in air-conditioned spaces, you don't to change clothes and you don't sweat, you don't need to shower so you can slot it in during the day.

Lawrence: Yeah, I remember talking to Karen about that and I couldn't quite believe it but I'm guessing you'll vouch for that as you see it on at scale, right? Happening across the Fit20 organization, is that correct? In terms of people being quite comfortable training in there close?

Walter: Yeah. People still find it really weird and that's why we are still the exotic sort of bumbling, strange thing in the fitness industry in Holland. So we're now one of the bigger players but they still don't get us. So they still think we're weird.

Lawrence: Wow. I don't think that's such a bad thing. So how are you implementing, what's the proven process look like for Fit20, so high level?

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Walter: Yeah. Well actually it's always, we've tried everything so then you find out the most things they sound great but they don't work so well. So if you drill it down, there's a few things that actually always work for our business and therefore they become fundamental to any studio that opens up.

Walter: And of course we live in the time of online. So a proven process is that you really work with online marketers. So we have partners with whom every franchisee for every studio would have to start up with the lead generation, which is where the marketing begins through all the paid campaigns that we run on Facebook. So that really works very well for us. So that's part of a proven process. What's also proven is to become a member in the business community. So you join, for example, BNI networks and if there's no BNI chapter in your neighborhood and you look at what kind of, how are the entrepreneurs of this area, how are they organized, where do they meet up, and you join that.

Walter: So these are two very much identified things that everyone mandatory has to do when they join us.

Lawrence: Yeah, this is excellent. I just want to pause here because I think this is really good examples for this. So Walter was talking about proven process in respect to how Fit20 deliver results for their customers. And obviously one of the key things that an entrepreneur needs to figure out is how to drive leads and how to convert and acquire customers. And so well obviously Walter was laying out there as the approaches they use to

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ensure results for their customers who are the franchisees. Whereas looking at it from a studio context, if you look at discover strength, their proven process is essentially how they take their clients through a journey-

Walter: That's right.

Lawrence: And obviously a journey in terms of their workouts, how they then plan around their goals and meet their needs and then how they achieve those goals and then reassess and it's like a circular motion, they've got a thing stamped on the wall of a big circle made up with arrows and the proven processes is there for all to see. And I think they've got an online video I'll link to from the blog post too.

Lawrence: But I just wanted to give it for the different context. Sorry Walter, you're going to [inaudible 00:27:14] something?

Walter: No, it's very good chat Lawrence, because indeed just the proven process, that's the level of the customer at the level of a business owner and that's the level of a country. So we have to actually differentiate three different levels of proven process.

Lawrence: And the last bit of the marketing strategy is the guarantee, it's something I'm trying to figure out actually for my online business, I'm not a big fan, just to totally change context for a moment. I'm not a big fan of this free trial stuff when it comes to online or \$1 trial because sometimes I worry

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that you attract the wrong customer, it will be the wrong fit, who won't necessarily be easy to retain or easy to manage.

Lawrence: And whereas if you say, "No, no, no, you pay full price from the beginning," you're more likely to attract a more ambitious individual, someone who understands the value and is willing to put in the effort. And that's kind of my view around the whole like free trial thing. Although, I think that's totally changes in my opinion, in the context of a personal training business where I think it could be very, very valuable to offer a free introductory workout. So I'm obviously talking about two highly different contexts, but I'd love to hear your view on the guarantee and what guarantee you have for Fit20.

Walter: Yeah, for customers, we still hold to one month satisfaction. So if people are not satisfied within the first month, they can quit.

Lawrence: Does that trainees or is that franchisees?

Walter: For the franchisees to their customers. So it's really the end customer in the studios, the people that turn up as fines. So sometimes if a person comes for the first time in the studio and they've never done any workouts and they sign up and you don't really know yet with who you are signing up, you've seen once or twice at best. And even if you liked them, you still don't know whether the workout will actually work for you.

Walter: So particularly for people with rheumatism or people with certain health complaints, we said, "Okay, you have to one move trial so you sign on."

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But if you get more problems than benefits then you can cut off your membership so we won't hold that. So they can kind of relax, declined with the franchisees to different level of guarantees. So we offer a franchise, potential franchise owner up to the point of opening up the studio, there is a way for them to pull out.

Walter: So my experience is that people don't like it if they're in a room and the door is locked up, everyone relaxes when the door is open, so you always know that I can leave. If you know you can leave, you're less inclined to leave. Many fitness centers still work with the idea of a two year contract and then they hold you to it. That actually produces negative publicity and a negative fight. The way I've always looked at it is that you don't want to have any negative vibes, you just want to create positive vibes.

Walter: So we offer those kinds of guarantees to match the expectations, but different countries probably need different guarantees. We found out in the US free trials actually it lessens the value proposition. So we do packages there, which are priced more attractively and that works very well there. In Holland, we don't need to do that, it's not necessary.

Walter: So I think there's some differences in terms of countries where you want to put the emphasize.

Lawrence: And just curious again, obviously I like the fact that you are focused on talking about lessons that are going to be useful to the studio owners. I really appreciate that Walter and I love the fact that you keep bringing me back there, it was really important. But I am just curious though, with

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regards to Fit20, do you have a target market in terms of an ideal franchisee or master, like what that looks like in terms of that individual and the boxes they tick?

Walter: Yeah. For me now, and this is after we're now operating in nine countries. So in terms of new masters that open up a country, in our case, it really is almost mandatory that they've got franchise experience. So there's two reasons why a master generally fails, one of them is they don't understand franchising, which is a business onto itself and they can fail because they run out of cash. So if you don't have the required capital to expand a business in a new country, then you will run a mock.

Walter: And the same happens if you don't understand franchising as a business model and you have to still find it out whilst you're trying to build up country, it adds risk. So we look for professional parties now only for expanding in new countries, particularly if it's further away like I mentioned to you that we've got people talking to us from the Philippines, which is roughly the other side of the world.

Walter: So it's a good feeling for both sides if we understand each other, so if they already understand franchise then implementing Fit20 is relatively easy because I view ourselves as a service provider, we provide a service, it happens to be a physical service, but it's a service. So I've never viewed ourselves as a fitness but it's a service. Franchiser I know it's very different what we look for.

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Lawrence: Yeah, I would be so curious how you would actually find those types of people because obviously they're a very niche group of individuals, those that have successful franchise experience. And first thing that came to mind in my head is joining some sort of elite mastermind and where you're likely to meet those individuals who may be interested. I mean, obviously you get, I'm sure we've had interest for the show before and there will be future interest for this podcast because this podcast is essentially by lots of individuals, some very high net worth individuals and those who have vast business experience. But I'm curious, what methods have you found to help connect you with your target market for the Fit20 franchises?

Walter: Well I think that's like growing up together, like years ago we were ourselves a wannabe. Now people see we are around and we're here to stay. And so our reputation, our credibility is perceived differently. So if you take an example in Singapore, Malaysia, if you have someone who already runs all the Starbucks operations there or something like that, then at some point they've got a country full up with Starbucks, there's no more Starbucks to go.

Walter: So then they ask themselves, "What shall I do now?" And so they will pluck in another franchise and that's at the moment and there is a huge interest into preventative health and well-being. So I think Fit20 fits in there. And so we attract interest now from parties that I couldn't predict even one or two years ago.

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Lawrence: Right, so these are effectively, just so I understand this correctly, these are typically serial franchise or franchisee.

Walter: Exactly. We call them multi-franchise owners. So you can run multiple brands and in the US that's already fairly common where you've got entrepreneurs who are only masters or regional developers, they only run franchise businesses and they're excellent operators, so they execute. So they don't look to create an event, they just look for brands that already have done that and they are very good at how to actually roll that up.

Walter: And so for a master, that's what you look at for someone with operational excellence.

Lawrence: Yeah, you're starting to make me think of maybe five, 10, 15 years forward where I might take my own career. So this is really interesting stuff to me. Awesome. So let's I guess move on to the next section. I know that again, I guess I also take this moment to say, what obviously was from like going for intense attraction is really a workbook or a process which you guys listening, business owners, the operators need to go through yourself, you need to go through the questions and the scorecards and the processes and everything.

Lawrence: And hopefully this will just give you a nice insight into what it entails. And to give you some context in how Walter and I might think about answering some of these questions. So should we move on to data?

Walter: Data? Yeah. KPIs.

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Lawrence: Yeah.

Walter: Oh, that's really an area which we were really neglecting seriously and something that we caught up much to actually, if I look back because we were so much busy with creating that we're not really seriously paying attention to data. But of course everything is shifting to what they call these days data driven decision making. So you need to have your data, so we look too at that level if it took, for instance, if you look at studio level, we look to how many leads, how many leads do you have, so how many people are potentially interested to come for say an introductory training. Then you look to how many of those convert, then you look to how many of them stay around and for how long, exactly, so the retention.

Lawrence: Can we just pause on that for a moment, sorry to interrupt your flow. In terms of the retention, this is an interesting one because I personally find this quite challenging to understand as I know that it's one of those ones where it's not measured that well in this industry, people get things like attrition and churn kind of confused. So how do you advocate your franchisees measure retention?

Walter: We do measure how long a client's sticks, so we have an average of 22 months. That's the average life span of a customer. But we see that actually that's the average, so you've got people stay shorter and you've got people stay for years our longest clients are over 10 years with us and they will never leave. So I always say you've got two types of clients,

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those who come and go and those who come and stay. And the longer a studio exists, the longer the base of people have come and stay grows.

Walter: So effectually you get more and more for stable base, but because we do more and more online, you get different sources of your clients. So it's very interesting to monitor. Obviously, the word of mouth is still by far the number one, not only bringer of new members in studios but also tends to be produced. The people stay longest. If you get Facebook leads, it's easy come, easy go.

Walter: So but not all of them, so this is where it gets really fuzzy and where I think we need to have steps to make in our own data analyzing, because within the Facebook leads, some of them actually do stay for years. And this is where we still have too much of a black hole ourselves of what then is the difference in the Facebook. So my guess is, but I can back that up with data yet so this is why we're working with this right now ourselves, is that when people are stimulated by content, free content that we put on Facebook and they respond, then there is an intrinsic motivation.

Walter: If they get pushed because they see an ad fly by on their Facebook timeline, they may respond, but then maybe more impulse driven rather than it has an innate interest in them. So this is where we will go further and further ourselves to put that into the data analyzing that we can do.

Lawrence: So just a quick summary on those then, so the key KPIs is number of leads generated, number of leads converted, retention metrics and then...

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Walter: Sources.

Lawrence: Sources, excellent. And sources of leads is that...

Walter: That's right, because that's interesting for us to see where do people come from, how have they found us, how do they know about us? So we can build more and more track record of where we should put our marketing euros and we're not.

Lawrence: What is ranking look like at the moment? When you look at all of your studios, what is the ranking in terms of, is it referrals at the top and then Facebook and then BNI, how does that rank, do you have that data?

Walter: That's roughly like that? So the first thing is by clients members bring members, which we also stimulate actively so you can do internal marketing promotions. So at the moment, because we exist for 10 years, we did something which really caused a lot of response, which is we exist for 10 years. So if you bring a client now, we offer you five weeks for free and the person you bring also gets five weeks for free, 10 in total, 10 years.

Walter: So that's the one time promotion we did and that brought a huge amount of new members.

Lawrence: Excellent. That's a very useful tactic that people can take away.

Walter: Yeah, so also the members because very often with promotion it's the new people that benefit but not the existing clients, but it's the existing

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clients that pay your bills. So you want to do something that your existing client base benefits from. So it's the members one, it's a Facebook number two and its business networks number three. These are the three main ones. And then you get a fourth category, which is all sorts of things including still old-fashioned offline things like flyers or joint partnerships with other shops or hairdressers or clothing shops, whatever you can think of. But these are in the number four category.

Lawrence: And I know I interrupted you earlier and apologies for that. And when you were going through the different, the data aspects of data, was there any more that you wanted to mention on that, that things that you tracking on a studio level?

Walter: Now, these ones we track because normally you can see with a good studio you can always recognize that they have a high conversion rate from leads to customers and their retention levels are high. So it's always very easy to look at studio health and recognize the retention both the amount of leads, because the leads gives you an idea of what kind of activity levels going on in the studio. And if the conversion isn't good, then you can drill down on who was the trainer, how does the trainer convert? So we look to conversion a trainer level, so we know that so-and-so converts very well and another person they convert very poorly, or not well enough, what's going wrong, why not? And then you have that kind of dialogue.

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Lawrence: Yeah, and that's the whole point obviously of these metrics, isn't it? It's being able to glance those metrics and get an idea of the health of your business and then you can work out what needs to be addressed and some of those other areas. It's interesting talking about conversions and I remember Luke saying to me that at Discover Strength, they tested moving the sales function to a select group of people within the team who they fought might be better at that role.

Lawrence: And the conversions skyrocketed because obviously they had, well I'm assuming greater sales proficiency than other personal trainers. So they now have that as their kind of policy that any new introductory workout only goes via one of these selected salespeople. And I believe that it's not just trainers, it's a group of individuals. I think it might be even one of the leadership team might play that role as well I'm not sure.

Lawrence: I'm just curious, do you have that sort of process set up with Fit20 or do all trainers have that responsibility?

Walter: When a franchise starts as a business owner with us, actually it starts as a small studio, so they will tend to give most of the introductory trainings themselves. And given that it's their business, they're pretty motivated to convert people. So usually that works out well, but some people definitely better than others and you can then attract at some point they may get trainers indeed that are better at converting than they are themselves. So if they're a bit of an introvert type personality, then it may just be a little bit harder to connect to the potential client when he walks in. And when you

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have a very outgoing, friendly, easy to connect with type of trainer, then that trainer might actually convert better. So that's okay, I think that's also what data tells you is do what you're best at.

Lawrence: Yeah, excellent. So the next bit is process. And this is something that I talk about so much on the podcast in terms of the importance of having systems and processes in your business. And it's something that I really passionate about in my business and making sure that when I'm running the business, that every single action is done the same way every time and also refined and improved over time.

Lawrence: And that's essentially what I understand is to be, so then do you want to give your overview of the process aspect within traction?

Walter: Yes. I think so processes the way your business works and one of the great things in the book does, if you will buy it's page 152. So I'm doing some promotion here, all processes in business are highly similar so you've got this human resource process, how do you actually fire, find, hire if necessary, fire people that you attract, the marketing process, the sales process, your operations. So all the supporting systems, your accounting process, all the financials. And then the sixth one is customer retention process.

Walter: So when I saw that actually I thought, "Yeah, I can work with this very recognizable and I think it's recognizable in many types of industries." So the processes are 80% relevant for whatever business you have. I think for me it was very important to read this is who is doing which part of the

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process. And this is where I think with us there's a lot of improvement to be made is the accountability.

Walter: So who is doing what? And once you have to process this identified, then you can select who will be accountable, responsible for a process. And then you can describe the tasks underneath that. So we're in the midst of doing that and it's incredibly clarifying and it's also brings a level of clarity in the organization that we didn't have in the beginning when we were a startup, everybody was doing everything and we covered for each other.

Walter: But you can only do that for so long before that really turns counterproductive. So for me, the processing and the accountability has been one of the most meaningful parts so far of working with this book.

Lawrence: Yeah. Awesome. Now, under the next phase is traction but do we skip over that, it's go to issues or does it make more sense to do that and then come back to traction?

Walter: Sure, yeah, we got lots of issues.

Lawrence: You and I both.

Walter: So issues is anything that actually goes beyond what you can fix within a quarter, so that really also gives it a place so there are things that just will take longer to solve, whether it's a technological challenge or to implement something new, but by making it an issue or we use before we call the projects selves, but when you have a project, the difficulty of

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projects or issues is that they are not defined enough and you need to have someone who's actually responsible for that particular issue.

Walter: So this is also what we've been doing now. And in that way, it's not all the time we kind of stress on, but yes this is an issue we recognize, it's identified, it's clear who's responsible for it, and there's regular reporting on this progress. So that really helps us live with us unfinished or imperfect aspects of the business.

Lawrence: Excellent. And the next section is people, I don't think we've covered that in an overview of day, have we?

Walter: Yeah, it's a very simple thing they say, but not so easy to implement, say you need to have the right people and then you need to be in the right seat. And that's the essence of people. So if you don't have the right people, and that's something I definitely found out, we're only working with 18 people in our core team, everyone really needs to be committed for 100%. And if someone isn't it stands out and it doesn't gel with the type of company that we are. But you can ask the right person, but are they doing what naturally best at? So are they in the right seat?

Walter: So also by going through the accountability chart, it helps us to really sometimes put people in different responsibilities and they immediately become much happier.

Lawrence: Yeah, right person where I see is a big factor for the success of any business, let alone a high intensity training business for sure. Something

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again that Luke has really drilled into my head. And just bringing it back then to traction and which is really, I guess bringing this all down to the ground and implementing it in the real world. And do you want to just elaborate on that exactly?

Walter: Yeah. So the first thing we did, so we already have our plan for 2020 in place for worldwide as well as at country level. So that's a one year plan and the one year plan needs to be really 40 documents. So we have two very simple ingredients to that which is studio growth and member growth, and then we can anticipate when we will need for instance an extra support employee or when we will need an additional online marketer or when we'll need an additional IT specialist.

Walter: So by actually drilling it very much into the detail in one year plan, we are also fairly accurate, that's the great thing of traction, it makes your business more predictable. And I think many beginning businesses, if they are anything like ours, you are good on the vision and bad on the attraction. And as the business gets more mature you can see that the vision and the traction begins to be more balanced.

Walter: So how shareholders wants to see that at the end of the year, it's okay if you can say we did 90% of our one year plan in terms of profit and losses, but it's not so good if you did 75% because then your plan was not so accurate.

Walter: So I think it's taken us the last two years and now working with traction really helps to put a one year plan much more in focus and in detail, so

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that the realistic aspect of growing the business is getting more and more aligned.

Lawrence: And I'm just looking at one of the worksheets here and so you've got the one year plan and then you're up to seven goals for the year. But as we talked about earlier, probably less is more and it might be better to have less than seven in most cases is at least for me. And then you've got your quarterly rocks, your 90-day goals that obviously lead to the one year goals and then your issues list, which we mentioned earlier on the issue section of this. So I know that Walter and I have kind of zipped through the second half of this, but it's probably more productive for people to actually go through the book and maybe go through some of the online presentations, I'll link too as many valuable resources that I can find in the blog posts to this, as I think you really have to go through the process.

Lawrence: And I'm absolutely 100% going to be going through this for my online business, for High Intensity Business and also for the studio that I open with Sean in early 2020. So we'll be going for you because I think this is a wonderful structure and framework I should say.

Walter: Absolutely, yeah.

Lawrence: Yeah. I did the school card well for my own, for High Intensity Business and I've got a prophetic 39 out of 100. And to be honest, I was probably being quite generous to myself.

Walter: Well I guess myself 53 here. [crosstalk 00:57:41] about our business.

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Lawrence: Excellent. So just a couple more things quickly, I just wanted to discuss. So this is something that, forgive me, Walter, if we talked about this on our first podcast, which I can't remember because it was so long ago, but I thought one of the things that kind of came up for me is I was reading traction. And in fact I was having a phone call with someone yesterday who is a new High Intensity Training Business owner and looking to try and grow their business.

Lawrence: And they were asking me, "Why hasn't this taken off? Why isn't High Intensity Training more ubiquitous? Why is it still so niche?" And I'm pretty sure you and I've talked about this before, but I just wanted to revisit that for a minute. And my response to that person was two-fold. First he said, and I stole this from probably Doug McGuff, which is that it's just so difficult. It requires effort, it requires discipline, it requires hard work. When the study from Simon Milov came out of that show strength training, reversed aging, Doug expected everyone to hit the gym and started the strength training and actually that's not what happened.

Lawrence: And that's his prediction as to why and that it just requires a great deal of discipline and effort to do it. So that's the first point. And the second one and it's maybe, I know this is perhaps a sensitive thing to say, but I feel like a lot of the business owners in High Intensity Training, maybe it needs to be a little bit more humble and develop their business acumen. As I feel like it's the business acumen needs some work, and you can see that those that are successful and achieve their goals really seem to be open-

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mindful and willing to implement things like, getting things done and traction, which I know the perfect workout, implement both.

Lawrence: And again, Discover Strength implement all sorts of systems and it's this different mindset towards systems and building the business as opposed to you being integral to the business running, which is a trap in the long-term. And so I feel like it's really a lot of the people, probably a lot of people this is show perhaps need to revisit the business principles. So that's my theory is that it's two-fold. So what do you make of that?

Walter: Okay, well I pretty much can go along with that and let's begin with some kind of comfort to everyone, I always hear that if your business would be easy, then everybody would be doing it, so then you would have a huge competition. So maybe that's on the upside that sometimes we should all be glad that it's difficult.

Lawrence: I love that.

Walter: But having said that, I've been wondering myself pondering this question of course many, many times. How come that it's still so not mainstream? I think it's changing slowly, but I think there are two factors. One of them, I think our muscle training says actually it's easier to run a marathon than train really to muscle failure on six machines consecutively. And there is something if you look to purely intensity of effort, that is evolutionary, I think still wired in the brain as producing a lot of resistance to actually do that.

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Walter: So I think there is literally running on the treadmill is just so much easier than really trained to failure. So I think there is that, which is simply not sexy, not easy, and it requires therefore a very different kind of thought leadership that when you engage with your customer, you need to explain a lot more and not just once, but in a way every week. And that's a little bit unfair because if you just open up a fitness center and you chunk it full with all kinds of machines, cardio machines, you don't have to explain anything ever after.

Walter: So there is that and I think we just have to accept that and in a way embrace it because that's a fact and we have to adapt to that and just become better at explaining why if you're 40 plus year old and you're going to do one thing for your health strength training is the way to go. Well at Fit20 it's undisputed for us based on scientific evidence and insight that that's what you should do. If a person has more time and energy to spare and they want to also go cycle or running or swimming, whatever, fine.

Walter: But if you're going to do one thing only it should be strength training. So I think that puts upon us in the fit industry, just a higher demand on being able to educate and keep educating our clients. And the second thing, which we still struggle with particularly because we only say once a week, 20 minutes is enough, is of course that creates a lot of skepticism and critique or you get kind of pitiful statements like, I guess doing something is better than nothing.

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Walter: And then I say, "All right, well do one thing that something better than nothing with me for 20 minutes and let's have a conversation after that, how you feel about it." Because when I did first time a real workout with six machines to failure, I mean I didn't know what the hell happened to me, it sort of was worse than anything I ever experienced.

Lawrence: In a good way.

Walter: It really hits you so deep in the body that then immediately then I knew this, I'm onto something. So I think this is something we just have to do with everyone active in the industry, we just have to don't give up on educating customers that this is really the way to go.

Walter: And the difficulty is that you can, if you just go sit on the treadmill, you can sort of go on and think if it's 60% of what you've got and you just sweat a little bit, it feels nice but you haven't created to train stimulus that's going to really radically rejuvenate your body on the inside, outside of a level, which trying to fill your does.

Walter: So we have this kind of workout which is every time hell, and yeah they requires therefore more education to keep the motivation to keep doing it. I've seen clients stop with us who got fantastic results but they couldn't stomach it and that's the thing. So then we also learned that you can't train everyone to the pure lens, you have to be able to business wise also sometimes say, "Okay, if you do three exercises to fill you on three sort of 70%, you still get overall very good benefit."

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Walter: And I think this is where I have to come business savvy as well because otherwise we just face a difficult future.

Lawrence: Yeah, I think that's really smart. And clearly you kind of said there that the reasons why it hasn't exploded is multivariate. It's a lot of things happening there and one of the things I've always interesting is, is that you say they're meeting people where they are, adapting or flexing a training program down. So there's less exercises maybe at setting that they won't all go to failure is part of that. Now do you think that, it sounds like what you're saying though is that there is always going to be, it's likely certainly in the next 10 years and perhaps that this is always going to be a niche market and minority.

Walter: No, I'm actually very positive and optimistic about the future, I was talking to a guy from Singapore and he says, "Wow, this workout is exactly what will fit the Asian market." And I actually increasing the things too. People that are working much more hours than we do in the West, generally they work 60, 70 hours standard. So they don't have the time to go work out three times a week for an hour, they just don't have the time. There's increasingly a huge market there, but also in the West where people really are prepared to do this. But I do think we do need to help people understand why they should do it and why they should keep doing it.

Walter: So one of the things I think as an ultimate goal for all of us to achieve is that doing strength training and particularly hit training as to superior strength training, it needs to become like brushing your teeth, you just do

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it. You don't skip a day brushing your teeth if you don't feel like it, you just do it. And that everyone basically does that so we need to get the high intensity training, we need to get it in people's minds. That's what we try to do with our customers, they say, "Coming here once a week needs to be like brushing your teeth."

Lawrence: Yeah, I love that analogy. Awesome. Well, so this has been a great conversation as always and hopefully we can maybe do another part or maybe a couple parts on talking more about traction. I know that Luke's perhaps keen to come on the show too. Maybe we can do a freeway podcast who knows, in 2020 is all about this mall and for everyone listening, what is the best way for people to find out more about your organization and if they're interested how they can learn more about starting a Fit20 franchise?

Walter: Thanks for asking at fit20.com, people find this at international level and then they can see which countries were active, which nine countries we are. And if they should be interested to explore the possibility of starting a studio on one of those nine countries where active at the moment, then you can find it via fit20.com.

Lawrence: Excellent. And we obviously have a worldwide listener base, but probably 70%, 80% of the people are in the US, and what's the domain if you're just looking for a US-based franchise?

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Walter: Well that's the great thing. In principle, all of the US we just opened up in Michigan and Virginia but we're talking to UTA, Nevada, Kansas, Florida. So I think there's still 45 States to go something and they're all welcome.

Lawrence: And which website did I go to? Just fit20.com or somewhere else?

Walter: Fit20usa.com.

Lawrence: Right, got it. Okay, awesome. Thank you for that. And we'll link to that in the show notes if you missed that, and the show notes will be over at [highintensitybusiness.com/250](http://highintensitybusiness.com/250) or you can just search for episode 250 on the blog. And also I just want to mention, we've been talking about a lot of the high level stuff from traction, new entrepreneurial plank system, which again just to highlight, this is something that is proven across multiple industries and specifically in High Intensity Training Business it really does seem to be the way to go, the perfect workout use it, Discover Strength use it, Fit20 using it. I'm sure there are others who are using it too.

Lawrence: And over in the membership in hip business membership, I've actually expanded on a lot of the things that you need to execute, like the meeting strategy, marketing plans, the proven process, all of the various bits that make up traction are explored in the membership. Should we show you how to execute on that and hit business context. And I've partnered with Discover Strength and other experts and hit to really dive into the details of how you go by implementing those in your business for maximum results.

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Lawrence: And so if you're interested in that, please go to [highintensitybusiness.com/membership](http://highintensitybusiness.com/membership), and that's it. So Walter, thanks so much for your time today, really appreciate it.

Walter: It was hugely enjoyable, Lawrence. Thank you.

Lawrence: As always. And for everyone listening once more to find a blog post for this, please go to [highintensitybusiness.com/250](http://highintensitybusiness.com/250). And until next time, thank you very much for listening.

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