257.5 – How to Adapt your HIT Business to COVID-19 with Adam Zickerman, Luke Carslon, Melinda Hughes and Skyler Tanner

Lawrence: Welcome everyone to the live Q&A regarding the COVID-19/coronavirus impact, I guess, on the economy but also in particular the personal training industry.

Welcome to the Q&A! Thank you for joining. I'm really excited to be hosting this today because I think we all need to have this Q&A, have this connection and learn from each other and figure out what some of the top operators known as in high intensity training doing and responding to do with this pandemic in the best way possible and protect their business and also plan for recovery. You know, and things hopefully resume and normal service resumes in the future. I'm so grateful for the 5 panellists we have today. Taking a time out of their busy schedules. I think all of you panellists are busy doing things like virtual training and sort of nurturing your clients during the shutdown. So I'm really grateful for you just taking 90 minutes out of your day to be able to do this today. In terms of people we have on the panel; we have Adam Zickerman founder of InForm Fitness, Luke Carlson founder at Discover Strength, Melinda Hughes founder at The Strength Shoppe and Skyler Tanner founder at Smart Strength.

The way this is going to work is please type your questions into the question box on the control panel and I will direct your questions to a member of the panel. If you want to ask someone specifically, please just

start your question off with their name or just say please ask so and so this question. And I will publish this, so this will be published on the podcast for my audience to listen to who couldn't attend this. So just bear that in mind when you're asking questions, this will be recorded for future reference. This is going to last for 90 minutes. And that's it in terms of the ground rules/structure. Just to kick this one of, I wanted to give some context before I take questions. And so I'm just going to ask each of you, kind of an update on what's happening with you, how you're responding to things at the moment. If you could all give me a summary, that would be great.

So Adam, let's start with you. Tell me, you know, we were talking offline there a little bit but I love to hear how has this impacted your business and how are you responding to that at the moment. I think you're muted at the moment. I knew, Adam, so might take a moment to… There you go.

Adam: Sorry. Yes, it's drastically affected my business. Financially it's been devastating. We've been officially shutdown for about a week. There's a lot of uncertainty right now, alright, and that's the thing that's most concerning. It's not knowing a lot of thing. It's not knowing what my landlord is going to do right now. It's not knowing what the governments is going to do right now and when. It's not knowing how long it's going to last in general. So with all that, we just have to take it day by day so what

we are doing is staying in touch with all of your clients on a regular basis. We have great relationships with them. We've been in business for a long time, so we have some very long standing relationships. So that's the good news. People are supportive, they're in touch. I would say at this moment, 30% of my business has gone virtual. We predict this going up to about 40% of my total business in the next week or so. Beyond that, hopefully we can settle in around, to be realistic about 50% of our business saves through virtual training. But that's a projection. Right now, we're at 30%. I have multiple locations, they're all shutdown. That's kind of we are at right now.

Lawrence: I appreciate that Adam. Luke, do you want to give us some update on your situation?

Luke: Yeah, thanks for having me, Lawrence. It's a pleasure to join you. We have five locations. We were closed down by the governor. Today as we record this, it's Thursday; we were closed down Monday night last week so we're going on what 9, 10 days right now of being closed down. We just got the announcement yesterday from our governor that bars, restaurants, fitness, etcetera, will be closed until May 1st. There's no guarantee that we're open May 1st but we know we're closed until May 1st. So all told, that would be like 6 weeks where we know that we're going to be closed down and then it's kind of a question mark after that. So in across our 5 locations a normal week is 1,600 workouts. Monday of this week we launched virtual

training, all one-on-one sessions. Right now, I believe we're at 372 sessions for the week. I have not done the math on that but it's definitely not 25% of our business. Maybe it's 20% but we're going to try to you know clearly grow that significantly over the next few weeks.

Lawrence: Thank you. Skyler, do you want you to give us some update?

Skyler: Yeah. We weren't forced to. It's kind of a nebulous. I mean, last week, we closed. I put up the email on Thursday night because governor Abbott had put out a basically and order to say no gatherings of more than 10 people, but then also gyms need to be close. It was a little weird non-descript for gyms because we're obviously gathering less than 10 people. But I closed us last Friday, and then as of yesterday, the city of Austin put shelter in place order until April 13th. And so we will be closed in our physical location until April 13th. I followed with a bunch of clients basically like, "Hey, who's interested in doing this stuff virtually?" Having that consistency and you know a lot of clients very quickly were adamant like, "Yeah, let's figure out how to do this." There are some clients who are just not interested. We're just fine. They are like, "Hey, I'm going to pay you for April and I'll just get those sessions back later." Then to Adam's uncertainty or not Adam's one of uncertainty but our landlord is like, "Hey, April and May 50% rent." Our goal is to not have to do that. Our goal is just try to keep on because some of course slow down a little bit, so we

wanted to be sure that if we can pay that we cannot keep the rent normal. But that provides a little bit of mental breathing room. That's where we are. We're going to start rolling out our virtual training on Monday.

Lawrence: Awesome. Thank you for that. Melinda, let us know what's happening at your end of the woods.

Melinda: Well, gosh! So The Strength Shoppe has two locations, one in Pasadena, one in Echo Park which is downtown L.A. The mayor of L.A. and Pasadena closed us down. I think it was Sunday the 15th so we've been down for, I don't know, about 10, 11 days now. We did have people jump on to virtual workouts right away but the vast majority of my clientele is over the ages of 65. I think that technology is honestly a big hurdle to getting them to do virtual workouts. So we definitely have people who have jumped on the virtual workouts with us. It's a very small percentage. I don't know the exact percentage. More so than that, I've had clients emailing and calling me saying, "How do I pay you for another package? Let me send you some money." Our clients have been really forthcoming and very generous with we want to keep you alive. I want to make sure that your instructors can eat. That kind of thing. That's been really, really nice. And of course like, you know, we'll make up those sessions when we're opening back up. But I'm just trying to get my instructors as much

work as possible through those virtual trainings and then of course we're looking into filing for unemployment and that kind of thing for them.

Lawrence: Alright, thanks very much. I appreciate it and thank you to all of you for being so open and vulnerable about what's happening. I know it's really difficult to talk about some of these stuffs. I really appreciate it. For those that have just joined, in terms of the attendees. Just to reiterate, if you have a question please type it into the questions box at the control panel and I will direct your questions to the appropriate panellist. I'm just looking at some of the notes here.

Good morning Benjamin Fisher. That's what James Fisher is it? I don't know. Maybe it is, maybe it's not. Question here from Matt DelGarbino. Hi Matt! Okay, so let's have a look at this. I would probably direct this one to you, Adam, and the rest of panellist can jump in if they've got something to contribute on this. So Adam, in terms of leasing space, has your landlord offered to reduce rent or some other agreement at this point?

Adam: Not at this point. We've reached out to them. I look into my lease. I have my lawyer looked at my lease, analyze what my options are. There are clauses in there for business interruption, but of course, pandemics is not included in that. So what my legal right is a gray right now. It's really going to be probably a matter of you know, good will. I've been a tenant of this

landlord approaching my 20th year as a tenant. We were about to start negotiations for new 10-year lease. So that might be an advantage to cutting a deal right now. We're going to have to. We're going to either you have to get some kind of government assistance or loan, grants somehow, and some kind of moratorium on the rent or it will be tough to bounce back after more than a couple of months, 3 months maybe. We have very high overhead and we also have a lot of clients that even in 50%, even if we did 50% virtually, we're not going to breaking or closed to it. Right now, the landlord said to send us some things in writing but we haven't had any answer yet as of right now.

Lawrence: Anyone else have experience in relation to that? Yes, please share Melinda.

Melinda: I kind of having nightmare experience in this regard. I've got two locations and my second location is new and it's just started almost so barely turn to profit. It's like covering its own expenses before the closure. Both of my landlords are expecting rent and of course having a second studio that is early making its expenses in a positive month because it's newer. It's definitely not looking good. We do have an order in the city of L.A. that we have six months until the end of the emergency to payback the rent. But so far our government is that that's kind of what it is is that the landlords will be due their rents six months from the date of the emergency ending.

So that's kind of where we're at is this wait and see how many months is this going to go on, how high are my bills going to be for these two studios for the rent. And how we're going to pay that back with what looks to be, at this point, zero assistance. Of course we've been spending our days, my husband and I, looking for grants. Of course there are loans that are being offered but, you know, as a small business owner it's not like I'm rushing to take out a loan for this. Yeah, it's pretty devastating and it doesn't seem like the landlords in Los Angeles are going to cut any sort of deals. They are just going to expect to be paid.

Lawrence: Anyone else got any other experiences they want to share on this?

Adam: Just seems like getting 6 months to pay your rent you know it's ludicrous. I mean you got to crew all that rent is going to take at least a year to make the money back much less to pay that kind of rent.

Melinda: Yeah, what's interesting about this experience is you've got bail outs for this huge corporations. You've got individual taxpayer being taken care of through this dollar amount that they're going to send to everybody plus unemployment. And then you have this small business owner who's basically on the hook for everything. It's like the landlords still gets 100% of their profit. You know not a dollar not coming into them but the small business owner no longer has any money to go to their own rent or

mortgage, their own living expenses. Plus, they're on the hook for paying everyone else. It seems ludicrous and we've been sitting here for eleven days thinking when someone going to say something. I've been like active on social media trying to call out to the mayor but it is kind of ridiculous. But that's what we're looking at.

Adam: Right now, right now.

Luke: Melinda, I think you say it even more powerfully. And so for me, and like I think what you wrote was the smartest thing I've seen in social media in weeks. I'll paraphrase what you said. You said, how is it that the government can say I no longer able to operate and generate revenue and that's okay but I'm still expected to pay rent and my landlord is completely protected in this situation. I love how you worded that.

Melinda: Yeah.

Luke: My weigh in all of this is I still think there's going to be things in development that maybe federally mandated. They may be mandated at state levels where what landlords are and aren't able to do. We have to remember just like we all have obligations - bills we have to pay. Believe it or not, our landlords have obligations too generally to their banks. So nowhere in the entire value chain, whether it's the clients, the personal training studio, the landlord, the landlord's bank. Like all somewhere in the

value chain, there's no entity they can absorb all of these and so I have a small degree of empathy for the landlord. But I still think we're going to see something federal or something in a state level that's going to say, literally the month of April disappeared and you don't have to pay it. Or there's going to be complete forbearance and this I think will be in a bill at some point where there's no late fees on any of our leases or rents. And then the other thing, and you stated this, I think the point that's so interesting is the SPA money that's available. So the loans that are available, it's a reminder that those are loans. This is a still the money that you have to pay back and there's no entrepreneur that's intelligent to get excited about having a two months' period of no revenue or significantly diminish revenue and they want to borrow and have them dig themselves out of that hole. That is a bad business decision. So there's like leveraging debts, but then they're just using debt as a bridge and this would be using debt as a bridge I think it's… Even if you get approved of a heck of a lot of SPA money, it's a loan and that has complexities and challenges with it.

Melinda: Exactly, and it's 3.7%. It's like why not just pay your landlord late at that point. To pay the bills late if there's no fees or interest being incurred on that. The other thing I lash out is the building in Echo Park where my second studio is. The new landlord, they just sold the building. The new landlord took over on Friday, the day that all of the business, all non

essential business was closed. This person took over a building for the first time and the day that all of their businesses were closed.

Luke: Well, Lawrence, I think your listeners would be wise to consider. I mean what we did right away is I emailed everyone of our landlords and said we're not paying rent in April and we'll start paying rent again when we're open for business. And at that time we will connect and will come up with a mutually beneficial plan to get us back on track so this is a win-win. Because we are a few weeks away from seeing more vacancies in retail and potentially office but in retails basis nationwide like we literally have never seen. So right now landlords are saying, you have to pay me. The landlord is not aware of what truly or is not owning up to what's truly on the horizon which is, you're not going to any tenants. I mean if you're in New York City, you're not going to have a single tenant. Restaurants as we know them literally maybe extinct if everything is done, and so landlords are going to be begging. They're going to say pay me 9 months from now. I just need some revenue. I think what we understand today, by May 1st it's going to be very different which I think gives us a little bit of hope.

Lawrence: Great responses guys. We've got so many questions here, so I do want to move on. Certainly not about quantities but a quality but I do want to be able to move on to some other question if that's okay.

Great question here, from Benjamin Fisher, "How are you growing your virtual services?" So Luke, would you mind responding to that and share some of your insights on that?

Luke: We were closed down on Monday night. Tuesday we had meetings, kind of as our leadership team all day. I told the rest of our staff just kind of sit tight and just turn off on Tuesday. Tuesday night, after meeting all day with our leadership team, I called them Tuesday night and said, "When you wake up tomorrow morning, Wednesday morning, we're virtual training company." I had made a mistake for like the 20 hours previous to that thinking that we're going to use virtual training to bridge the gap, and will be open soon and our clients would be generous, and they'll keep their AutoPays going, they might even give some donations. Danny Meyer who's my favorite guy. He sold a $100 gift cards that went purely toward compensating his staff. I thought we do all those things and bridge the gap. By Tuesday night, I realized we don't know how long this gap is going to be. We need to make an actual change to the business model and in the space of high intensity training, we're capable of making that flip where the average health club is not. I'm in Minnesota. Minnesota is the headquarters of Life Time Fitness, the largest health club company in the country right now. They've just laid off 90% of their employees. For load, 90% of their employees, 36,000 people. Life Time Fitness can't make the flip. One, because they are too big, but two, no one looks at Life

Time Fitness as a service. They look at them as four walls of facility that you go to. And if the facility is not open, why would I go there? I think we have the opportunity to make that flip. So that's what we did Lawrence. We announced that Wednesday, we are a virtual training company, pretend our studios do not exist and they will never exist. That's how we are moving forward. Now clearly, they're going to reopen and we're going to kick ass on our studios. But that had to be the mindset that we burnt the ships completely and we're all on virtual training. We up scaled our trainers, Tuesday and Friday and over the weekend around how we want to deliver virtual training because we're so used to having equipment, and we launched on Monday. So I'll stop talking there.

Lawrence: Wow. That's so interesting. Who else wants to jump in on their experience with growing the virtual session side of the business?

Adam: Well, I'll jump.

Melinda: I was actually…

Adam: Go ahead, Melinda.

Melinda: Just a little thing to add. I was actually surprised. One of our clients reached out and said he likes the virtual training better than he's in studio

session. And so that's when I knew my trainers were really like doing a great job with the virtual sessions like can be really effective. People are loving it.

Adam: Yeah I agree. The ones what we're doing, our clients are loving it. First of all, the question is how do you do it. Let me reiterate what Luke just said. Any business owner out there right now that's in the position that we are in needs to believe that their business now is a virtual training business if you want to survive. You need to become a virtual training business. I have very similar epiphany as Luke did. I went through that whole process of finally coming to that realization that we are now a virtual training company. That's why we're setting goals for how much of our old business is going to convert to virtual training. That's our number one focus right now. How did we do it besides having that mindset? Well ones you have that mindset, you're doing constant communication with the clients. A lot of convincing, Melinda, has to be done. They have to try it, understand that. There's an old adage my dad used to say, "That a good craftsman doesn't blame their tools." Now we have to say that even though our facilities have idealised exercise in a lot of ways with our retrofitted equipment. It all came from understanding some very basic principles that we can apply with any tool, including a dumbbell, a chair, a ball. Again, what Luke said about preparing the trainers. We all know the principles involved here. We just have to do it the right way and guide

them through and have them just realized well. I still need to push. I still need the observation. Even though I'm using a dumbbell and a chair, I'm getting a kick butt workout right now and I'll do this for as long as I need to until you guys open your doors. And it's working. It's slowly but surely working.

Lawrence: Thank you, Adam. I appreciate that. Skyler, you know, as a single studio owner/operator, I'd love to hear your perspective on this. I know you said that I think you perhaps slightly late to the party offering virtual services. But how it is going for you?

Skyler: Yeah, we're late to the party because it wasn't entirely clear down here in Texas like what the gap was going to be. If the gap was going to be 2 weeks from when the governor signs his order, then with my clients and I'll say, "Hey, we're just going to roll this thing out in the future what you paid for." When it became clear that the rumblings, because my wife is an assistant principal, so AISD is part of the greater government, so when you had all this lateral talk between different government organizations about actually mandating a shelter in place should start asking those question about, "Okay, how do we deliver this? How can we become that virtual training company?" Clients have, as soon as I sort of went through my mental processes around this. Because my wife is very good with for the big picture and going, "Okay, what's the next best thing?" It's like

Frozen 2, "What's the next good thing I can do?" All we need now is Disney/Pixar platitude and we're going to get through this people. But it is true. It's like okay what is next best thing because one of the problems with really being, you know, to Adam's point about the craftsman never blames his tools. The craftsman takes a lot of pride and the work he can do with those tools. So when you pride yourself on what you can do in a space with really good tools, and those are taken away from you, you get to sort of… And clients kind of have expect those tools as well. They really appreciate how MedX lumbar feels or whatever. There is a little bit of convincing but for a lot of people there was no convincing. They want something resembling a norm in their life like the thing they had before even if it's slightly different than interaction with the experience, educated trainer, the relationship they've built over the years. I mean, I did bodyweight high intensity training for a whole year, few years ago. I wrote it on my blog. You know, it could kick your ass. I mean, we already feather in a lot of this stuff anyway and if you need more resources of course you know there's based Project Kratos. You have a lot of stuff of from Bill DeSimone on YouTube, ways from his old exercise videos as how to apply some of this stuff with dumbbells. Frankly, when I've started doing this transition as soon as I sort of said, "Okay, we're going to be a virtual training company until this thing rides itself out." I sent out a message to all of my clients and I said, "Hey, here's what we going to do. Who's interested?" And some people just aren't interested like Adam said and

like Luke said. Some people are just like, "No, I'll wait. I'll support you but I'll wait." I will talk about that in a second how they're doing that. But from who are excited the next thing I said was, "Okay, find all of your fitness knickknacks, doodads and gizmos. Take a picture and send it to myself or Edwin, our trainer. That's going to help us expedite our programming." And so I got a whole bunch of pictures of random bands, and dumbbells, and rusted kettle bells, all sort of things from clients. They must have been following the Bill DeSimone put it outside because it is a good doorstop use for the kettlebell. I'm like, okay, and I brought up Project Kratos and now you've got some templates to work from immediately. All this time anyway I've been transitioning out of a Google Doc, since I haven't built an app like Discover Strength, into a tool called training portal. And so I had time to do that now, time to work on the business not in the business. And so I've got this tool that lets me track the client workouts between Edwin and I, clients between the two of us. There was already kind of a laying of the pieces and it was finally accepting that this is where we had to go and linking them all together.

Luke: I have a question and a comment. My question is, Adam, I want to make sure I get this right. Is the quote a craftsman never blames his tools?

Adam: A good craftsman doesn't blame his tool. That might be redundant, right. A craftsman is assumed to be good, right. So yeah, a craftsman doesn't

blame his tools. But I think my dad said, “A good craftsman doesn’t blame his tools.”

Luke: What’s your dad’s first name, Adam?

Adam: My dad’s first name is Joel but I don’t think he came up with that. I think it’s an English proverb.

Luke: I want to give him credit and I think our whole staffs is going to know that quote and have it on a t-shirt by the end of…

Skyler: Here’s how I sell clients. Actually, similar to that. I said, “If a craftsman’s pride to sell his services on the basis of his tools, you should be worried.”

Luke: Yeah.

Skyler: Like you don’t care about the band saw. You care can they get the job done.

Adam: Exactly.

Luke: The second thing that I’ll say or the comment that I’ll make is believe it or not, and I know so many of the listeners, their clients are on the same boat. And I know all of your clients, so many of your clients are on the

same boat. Our clients oddly have exercise equipment on their homes. Now, Adam, I'm not entirely sure if someone's in a New York City apartment what they have. But like the level of affluence of our average clients, before they came to us, they bought like equipment for their homes. It's like they have home gyms that they never use. They're just there because that's what you do when you have a 9,000 sq/ft home. So we aren't surprised that people actually have equipment. A month ago, we would have said, "My goodness, do not use that machine. It's horrific." And now we're saying, "Wow, that's great. We have some options, this is good."

Melinda: My clients for the most part don't have exercise equipment at home but we've gotten really creative. We've used dog leashes for hip abduction exercises. Maybe use laundry bottles, laundry detergent bottles instead of dumbbells, iron and iron. We've definitely branched out into normal household items.

Adam: Small children. Small children work also.

Melinda: Yeah.

Lawrence: Or large animals. Yeah, look, there's so many great questions here and we definitely not going to get through a probably half of them. What I will do is

I will create a list of all of them and I will just answer them either in some way in the post to this. In separate content I create with some of the wonderful people on the panel or just through social media, so I will try to get all of your questions and hopefully we can get all of the solutions out there at some point.

I want to ask question here by Diana. Hope you are recovering well, Diana. She asks, "Whoever has employees once April 1st comes. How are you handling pay, lay off, unemployment, etcetera." I guess, many of you are obviously, you know, trainers are transitioning to virtual but as well there's might be some issues with lay off as well. Adam, would you be able to speak to that?

Adam: A little bit. Most of my employees are trainers, so it's a variable cost. You kill what you eat so to speak. We automatically took a pay cut based on the fact that our volume just dropped at this point to 30%. But we do have some clerical employees, the admin. And we for load them and we're going to make up to them later. That's about we're at. We will make up to you later. We don't know what that means. But, again, I have good relationships with them and we all trust that we're all going to do the best that we can to make this work.

Lawrence: I just think, Melinda, imagine you might have a similar size operation to Diana. Do you have a view on this?

Melinda: Yeah, so I have 7 people who work for me. We've definitely have everybody offering virtual workouts, so everybody has something coming in. But we have a thread, a phone thread, where we're communicating everyday with one another as a group. In that, we're learning the ropes of unemployment. Interestingly enough California passed Assembly Bill 5 in 2019 that basically mandated that every business who has independent contractor switch them over to employees. So I did that as of the first of the year. So my trainers are now employees for the first time in 9 years. We'll be finishing with this last pay check that I'm sending out on the 1st of April. We're finishing the first quarter so they should be… You know, we're trying to figure out that together is how would they apply for unemployment as a supplement to the virtual trainings.

Lawrence: I agree. Anyone else got a view on that you want to share? Or we can go to the next question? Thanks, Luke.

Luke: I think we have to really think through philosophically. Am I going to fight to try to maintain people and pay people because that's the altruistic right caring thing to do when frankly in this environment laying them off. We're seeing new legislation now where or new bill now where the level of

unemployment compensation they can get or eligible for is far higher than we've ever seen historically days ago… It will be good to lay them off because they'll get paid more than you could pick them on some if you reduce them by some percentage. And so I don't think and I'm not giving advice here. I'm just saying if you lay someone off in this environment that is not the unethical, cold hearted thing to do as a leader. It may be the best thing to do and maybe the best thing to do for them and for the business. And so the analogy might be you're all on the ship together, you're on the boat together. They have to get in the life rafts now so the ship can stay afloat. They're on that life raft for a while and then they'll get on the ship at a later point. If you need to hire them back, decide to hire them back. I think that's the most important consideration is. We may be need to feel less bad about laying people off because the compensation for these people is much higher than we've ever seen before. Do not ruin your business in the meantime trying to compensate people when they can get that compensation from the federal government or state government.

Adam: I agree a 100%, Luke. It's the right thing to do.

Lawrence: Awesome. We got quite a few questions here about tech and tools. And you know I would just say I think… I know Discover Strength are using Google Hangout which you know Dennis, Mike. Google Hangouts, Skype

video call, these things are quite simple to download on your phone. I know that a lot of the guys are offering/delivering virtual services in that way. There will be some stuff coming out that we'll all address that and maybe provide a walkthrough on how you can set it up in your business.

Okay. Let's just see here. Patrick has a good question here, "Concerns over the virtual training devaluing machine intensive training approach. If you begin training them at home with little equipment and we promote that, is that devaluating our core business?" I will put that to Skyler.

Skyler: Alright. I always lead in, you know, one of the things I make sure to do on my website than anything I talk about is we always talk about sort of the value of the trainer and our expertise and the environment. We don't sell, go back and listen to me. Trash Ken Hutchins, and Arthur Jones, and all of these guys and Doug McGuff. Not in trashing them literally but you take from those individuals and you move on from there. You don't idolize them and behold them to the point of paralysis. One of the things I always tell clients in the door. I'll go, "You look around you're going to see machines. You're going to see things you see in normal gyms. You see dumbbells, free weight. You're going to see bodyweight. These are all tools and these are all tools that allow us to get you to maximum effort to create transformative exercise. And then I explain quickly, transformative exercise is what resistance training is. You have to do something and then

get out and let recovery happen versus transactional exercise which is I am burning this many calories for this amount of time. I'm trading time for calories. We can do transformational exercise in any number of ways. They are tools and they're all allow us to meet the client where they're at. I'm not going to pat myself on the back and said I forecast a giant pandemic so that my messaging was on point. But rather I think that if you explain to a client, the tools let us get there easier, let us get the maximum effort more consistently, let us get there with a greater margin of error. If they are concerned, most clients they are not even, that's not a question they're asking. It's not even on their mind. They go, "Great! How can I get started?" I wouldn't worry about it but if somebody does push back and they are one of the engineers who wanted to get into training then you just explain we're after maximum effort. Lots of tools can get you there and we can show you how we do that at home.

Lawrence: Luke, do you have a view on that as well? Sorry, Melinda, if you want to chime in, that's fine.

Melinda: That's okay.

Luke: Melinda, you go. That's okay.

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Melinda: I was just going to say, I'm completely open as a business owner to people preferring virtual sessions and to potentially continuing that for the lifetime of the business. If someone were to prefer virtual training over coming in and using our machines, you know, that's an option in my mind.

Skyler: Yeah. I mean, actually this is a great way you can stress test your ability to do this. I mean, it's not something we're… Obviously, you got your four walls and you got your controlled environment. As long as you have clients why would you explore that extra value at them. Now, we're all being forced to ask that question too which once you can get passed the paralysis, have I always done it this way then there's an opportunity there.

Luke: I agree with what everyone said. I just want to comment on what Melinda said. We've had 10 clients including my younger brother who has never said a positive thing about Discover Strength in his life even though he is a client forever. He likes to tear into me all the time and tear into us. He sent me a message today saying, "Hey, the virtual workout that I just did was incredible. I'm like insanely soar from it. I think you should do this even after you reopen for people that are travelling, they are up at their cabin." I mean, Minnesota where I am, it's a cabin culture in the summer. People go away to the cabin for 4-day weekends and miss workouts. And so the whole business is can you get people train the frequency that you want them to. And whether you want them to train once a week, 52x in a year,

but people are actually training 43x in a year. If you want to train them twice a week which is 104x in a year, most people are actually getting in 85 workouts. This allows you to actually get someone to train at the frequency that you want them to which definitely contributes to revenue. I think that's massive. I think the question on your listener's question, Lawrence, is do we devalue the equipment. It all matters what you have stated to your customer as your three uniques. Or you can just say, what are our truly differentiating capabilities. What are we saying offers value? And if you come free led with a tool, you're going to be in trouble. We've always been advocate of don't lead with the tool, and I'm now going to steal from Adam's father, Joel, lead with the craftsman. So we've always tried to sell on the efficiency of the workout. The expertise of the trainer and then the evidence-based approach. I had to remind my staff when we talked about launching virtual. I said, did you notice that none of those three things have changed? We have never marketed the ideal exercise environment. We have never marketed that we have medical grade exercise equipment with perfect strength curves. We have marketed those three things and those three things are still intact. I love equipment as much as anybody else, but if your messaging has been equipment only, you may have to struggle. Maybe this is an opportunity to get away from messaging equipment solely.

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Lawrence: Just a follow up on that from me. This is an interesting opportunity and I like the idea of some of you entertaining doing the virtual services once things resumed to normal and actually having a continuation of that. There is an obvious advantage which is that, yes, you can also help clients when they are travelling or unable to come in, but also opening yourselves up to a wider market outside of your local geography. And then potentially hiring trainers who operate out of their homes or own locations and delivering on those training services for you. I just want to put that to Adam. Is that something that you're entertaining to maybe future proof the business if something like this, whatsoever happens again or maybe just generate more revenue.

Adam: No. We are a virtual training business now and I don't think that's going to stop. We're loving it. I mean, for example, one client that we did virtually yesterday. Somebody I did personally. He comes into the city from Jersey City so it's a bit of a hike to get to us once a week from where he actually works. But he does it because he loves the workout and he does love our MedX Low Back Machine and all the cool retrofits. He loves it. It's definitely a cool thing. But he misses, he comes in once or twice a month on average. When we did it yesterday virtually from his beautiful little gym that he has in his office. I was like, you know, there is no reason now that we shouldn't be consistent once or twice a week now that we know we can do this. He said, you're right. I'm going to have a guy now for example

and imagine this is going to happen with a lot of our clients. Like Luke said when they go to their cabin for four days. I think we are going to get a whole bunch of clients that are going to mix it up to stay consistent. And that's just the tip of the iceberg. Now, all of a sudden our way we can train somebody just opened to the whole world. A whole world just opened up. I have a podcast, I have a huge following of listeners to my podcast and I'm thinking, well, what if all of these people knew we were doing virtual workouts. I mean all of a sudden I'm like, "Hey, why not!?" There is no overhead associated with it. Given all the unknowns like Luke said, at this point I'm not thinking anything beyond the fact that I'm a virtual training business.

Skyler: Yeah, it's funny because you can see this is an opportunity. I mean, I work Doug Holland on a light week level before hiring our first employee, and I'm still been trying to figure out. You know, when clients know you really long time or they want to be a top guy and it's hard to get out of that. So there's going to be an opportunity, I think two opportunities, if you have been the face of your business. There is going to be an opportunity now to by force be able to spend a little bit more time working on your business. If you are protective of that time it gives you that opportunity to carve out and say, here is the times I'm going to train in the gym and here are the times I'm going to train online when this all kind of gets back to something resembling a norm. It's an opportunity to then be in a position

to grow the business. That's how I'm looking at it anyway because clients have been there for 15 years. I know most of those people will be coming back. But I know some of the people who were on the rugged edge or they were just really high risk clients as far as COVID-19 was concerned. They are not going to be back at least for the presumable future. Yeah, my income is going to take a hit and my employee's income is going to take a hit to some degree. But he was kind of always part-time. He basically had one or two golden gooses who paid him a lot of money to train them in his garage. As long as he has that I think he'll be okay. I mean, that's what he expressed to me. But then he is a survivor from Brooklyn so maybe that's just I read between the lines and ask him a little bit more about his… I mean, he's so funny because he had a discussion with a client once and the client was like, "Yeah, I know I was really upset with him." And I ran by at him and go, "Psst. She wasn't upset." You know, like that wasn't upset from where I'm from. But I digress. The point being is that there is going to be an opportunity here for some of the things that when you come through this and your business is still intact you're going to be in a position to feel better about taking a chance on changes that before you are paralyzed by the norm, by the inertia of the norm. And I'm speaking personally, that my 6, 12, 18, months down the road lead your business in even better position.

Luke: It's an eye-opener for sure.

Skyler: Yeah.

Lawrence: Luke, do you have a view on this as well? I'd love to hear your perspective on this one.

Luke: Well, specifically what was the original question?

Lawrence: It was this question from me which regards to the long term view and how virtual training services are going to play into that when things resume to normal. Will you be continuing to provide the service? Or you potentially grow that arm to your business. You know, you talked about how it can help your existing clients train more frequently from different places when they are travelling, so increasing their frequency. There is also obviously the upside of training people who aren't local to your studio. I just wanted to know what your view was on how this might evolve your business potentially.

Luke: Yes, so some of those are obvious. Like you said, when someone moves away now, when they move, what we give right away was we looked at Doug McGuff's website, whether to Ryan Hall's website, we find trainers that were close to where they are, and said, "This is where you should go." Well, we'll probably still do that. But we can say, "Hey, now we have

virtual training also." For us, I think the most important thing is all of our clients are on an AutoPay, so you choose to train 4x, 6x, or 8x in a month. Well, the leading indicator of whether or not we're going to lose that customer or we're going to lose revenue from them is they don't complete all their AutoPay sessions in a month. So if I'm doing 8 sessions in a month and I'm only getting 5 in, three of those sessions rollover to the next month. But, eventually, if they keep rolling over the client realizes, "Hey, I'm not using all these sessions…", and so they decrease their AutoPay to 6x a month or 4x a month. Well, if we can take proactive measures meaning train someone virtually they have no reason to ever get behind on their workouts. A work trip doesn't get in the way because the virtual workout is an option. I think it's going to increase… It feels weird to say this on a high intensity training podcast, but we can increase the frequency of their training to get to that still low frequency of training that we want. So I think that's going to be incredibly valuable. I think now is more so than ever illustrates the importance of email list. I'm not just saying this because I'm sucking up to you, Lawrence, because I know you value email list. But now is when you have to leverage your list. You know, Adam has been doing this a lot longer than we have. But over 14 years, I had to check with him, I think our email list is like 8,000 clients - former clients, clients that have moved away, clients that left us and went to a different training option. Well, we are now emailing. We are leveraging that list saying, "Hey, we'd love to schedule a virtual workout with you."

Because everyone is on the same boat not just in this country, worldwide everyone is in the same boat. They can't get to the gym and they want to work out. If I'm Adam, I'd say, how do I leverage my podcast to get people to train with me. Anyone that's read the book how do I get them to train with me? We are going to our email list saying, how do we get people that have moved to San Diego from Minnesota that love training with us but we just said, "Hey, …anymore." How do we leverage that? I mean, that's a long answer to your question but I definitely think we could continue to leverage this going forward. When I said that our mindset is we are a virtual company going forward, it doesn't mean I don't think we are going to return to studios. I think we are going to. I just don't know if that return is going to be 4 weeks, 4 months or 12 months, and I don't want to wait. I want to be proactive in the meantime. I think that the companies that survive this period are companies that are going to be able to generate revenue not that just can cut expenses. You can't cut enough expenses. To survive this period, you have to look at other revenue models. And I think for us virtual training is just a great option. It's very well suited to the high intensity world and I think we will all tell the story 5 years from now how this period has actually taught the really experienced high intensity training practitioner to be less reliant on the tool, less reliant on the equipment. Because we're all raised to rely on the equipment. I think we are going to learn a lesson and our clients and the

market are going to prove out the lesson that the tool is not as important as we all thought it was.

Adam: Can I just make one comment about the tool?

Lawrence: Adam, I was just going to say best change the call to action.

Adam: I'm sorry?

[connection lost @ 51:32 – 51:51]

Skyler: We're just going to continue without Lawrence for a while. Adam, what were you going to say?

Adam: I'm just going to say…

Skyler: There you go. Lawrence…

Lawrence: Sorry, have we cut off there for a second? Do you want to start that one?

Skyler: You disappeared, Lawrence.

Lawrence: Maybe it was my connectivity, apologies.

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Adam: You're good now. I hear this thing about being very machine centric and of course we all know of some individuals that tout the machines that they have. The high tech machines that they have. But I think overall in our industry the trainer's worth to me... the people that I admire. I don't think we've ever lost sight of the fact that it's not about the machine. Like you said, Luke, I love a great machine like anyone else. That Gluteator that came out that I saw at your convention last year. I have two of them now. It's a really cool instrument right there. I don't think any trainer in our industry that is so machine centric that they lost sight of what's important about high intensity training. I just want to defend most of us out there. Sorry for the few individuals that have kind of boxed themselves into a corner saying, "Unless you use this equipment you are not getting the best workout." I think the rest of us do with what we can. Like I said, we are all craftsman.

Lawrence: Awesome response. I got you, Adam. Sorry, Luke, go on.

Luke: I was just saying those are wise words, Adam. I mean, everything you've said is worth repeating and re-listening to 10x in a row because that's it. You just absolutely nailed it. I think we are just learning that be reinforced right now. I think it's worst saying. When we launched this virtual training thing to our trainers I definitely think there was apprehension. We have a

lot of trainers and lot of them have been at it and have been with us a long time, but there was apprehension. Are the clients going to like it? And we're used to selling something that our clients love. I know that lot of the world has to sell things that people don't really love like there is a lot of mediocre products and services out there. Well, we have this benefit that our clients love what we sell. Our trainers were a little bit apprehensive that is the client going to love this. Well, after literally our first day, so Monday we did like 94 workouts. And we captured all the feedback, all of the emails and all of the feedback that we got from clients, and we have it made up really fancy. I distribute it live in a meeting, in a virtual meeting, with my whole team and said, "Take a look at this document. This is what the clients are saying about their workouts with you." And we just got this outpouring of clients saying, "I love it.", "I never had my ass kicked like that.", "That's actually the best workout that I had in three months with you guys." It increased the confidence in our trainers. It's like this loop now so our trainers are more confident going into the session. They are giving even better sessions and the clients are getting a better experience. We needed that affirmation from our clients and now our trainers are like, "Hell yes, let's go. This works." That was a key part because we have experienced trainers and even they doubted it. They don't doubt it anymore because the market, our clients, have said we love it.

Adam: I mean, yeah. At the beginning we find ourselves in a situation that's so surreal. Of course, I was skeptical. I was like, "Oh jeez…" I mean, that's how I started my business by working out the quintessential trunk of my car. I had dumbbells and a ball in the trunk of my car, and I go to home to home doing this stuff. And now I'm seeing myself I'm going back to that now. I worked 20 years to go and start working people out from the back of my trunk. But that didn't last very long. That didn't last very long. And like you said, Luke, you do it once and you realize that you take your skills and you take your biomechanics that you've learned and you do lateral ways the right way not the way everybody does it in the wrong way. And you show somebody that you can actually do a lateral raise differently and much more effectively than the classis way. And you're like, well, doesn't matter what you guys do. It's always going to be different. It's always going to be special. And like you said, once a trainer sees that affirmation that they are hooked, we are hooked. I sent to one of my trainers who the most skeptical of my group. I sent him a text message just today saying, "How is it going?" He said, "Going really well so far. The virtual sessions are surprisingly fun." And this is my most skeptical guy in the bunch. So you got to jump in for those trainers out there that are still skeptical and don't think that their clients are going to like it, or you're not going to like it. Jump in the water is great.

Skyler: Adam, are you also using Google Hangout for this?

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Adam: Hangout with my clients to me?

Skyler: Yeah, Google Hangouts to the virtual training.

Adam: We are using Zoom or FaceTime.

Skyler: Got it.

Luke: Same here. We are using Zoom and as a backup FaceTime.

Adam: I'm using my phone by the way. We get into some technical issues. I got my phone on a mini tripod. My cellphone on mini tripod. I'm asking my clients to get their cellphones on mini tripod. Hopefully, they are not sold out yet because every dumbbell and exercise band in the world has been sold out. But these tripods so far not sold out. And the virtual workout is I can tell you can just angle your phone anyway you want so you can see exactly what they are doing. It's very easy to manipulate. And it's a lot better than leaning it on something or trying to find a good spot for it. It makes the virtual workouts go a lot more efficiently.

Skyler: That's a great piece of little technical advice. Guys, I got to jump off here. I'm back on wrangling three kids.

Lawrence: No worries, Skyler.

Adam: Skyler, thanks man.

Luke: Good old, Skyler.

Skyler: Thank you! Good luck to everybody absolutely.

Lawrence: Alright, some great responses there guys. I appreciate all the solutions. Again, recently joined. We are not going to through all the questions but I will try and respond to them after this in other formats and other content. Because I want to be able to help you guys during this challenging time. You know, I wanted to get to recovery some point during this. We don't know when things are going to return to normal. We don't know when this is going to end. It could be one month, two months, six months, who knows. Luke, you mentioned, I think it was during our last podcast you talked about the importance of thinking and preparing for the recovery period.

Kyle, asked a question here. He said, "If the government allows us to resume business in April/May how many of your active clients do you expect to comeback in right away?" So Luke, can you answer that and

then talk about your strategy and mindset around how you are going to bring people back in?

Luke: It's a brilliant question from, Kyle. I think it's going to be a slow ramp up. I think if that's Kyle, I'm thinking Perfect Workout's like 8,000 workouts a week. I don't think they are going to come back at 8,000 workouts per week. I think we should actually plan and budget for the slow ramp up for us if we can, if we are doing 1,600 workouts. If when we launch again, if we can be close to 900 workouts, and then slowly market and communicate that we are safe, we are healthy. We probably will even have to institute some social distancing even when we open up again. Right now on our smallest, well, someone have 5, 6 trainers in the floor at one time, and we do one-on-ones, and we also do small groups. We could have 10-12 clients at one time. From a social distancing stand point, we might not be able to do that so we may need to say it's only 3 trainers at a time, and it is only one-on-one session. We are trying to plan for those things now. I don't want to say fortunately. We know we have at least a month to plan for those things. But I mean to Kyle's point I think we have to plan on a slow ramp up. I don't think everyone is going to comeback for two reasons. One, because some of our customers will take a financial hit in all of this and then other customers will just have less confidence that it's safe for them to get out back in public. The day that restaurants open I don't think you're going to see absolutely packed

restaurants as much as people craving to come back and go back to a restaurant. I think there is going to be an apprehension much like we saw flying after 911. Lawrence, it was on your podcast that Dave Smith basically said, "Hey, flying after 911 happened was probably the safest time in the history of aviation to fly. But no one flew." And so I think we are going to have the same thing that happens in our restaurants and then our exercise.

Lawrence: Do you think the flip side to that is, you touched on there, Trump said in one of his announcements about this "pent-up demand". Not that I value much of what he says or his opinion on things. But it keeps me thinking could there be this desperation once this is over, people to get our, people to use the facilities. And coupled with that, could this be hugely beneficial to the boutique studio sector and that people are more likely to want to work out in a private studio where few people present where equipment is cleaned more often. Also, there is probably going to be a lot of the, as you've already alluded to, Luke, during this a lot of the big box gyms may close down and not be able to re-open. And so there is that advantage to… I'd put that to Adam and then Luke and Melinda sort of chime in on that too.

Adam: Yeah, there are a lot of possibilities, right? I mean, that's definitely a scenario that I can see happening. I hate to think that to the mind of

somebody else this might be a benefit. But that might be the way it happens. You also have to remember, to counter that thought, is that a lot more people are realizing that they can sign up with Peloton® and a lot of these virtual workouts. Neither of us, not the regular gym or the personal trainer. You have that to think about too. Because I'm thinking and I'm seeing all these Peloton® commercials on TV now. I think they must have ramped up their advertising to remind people that you don't need your gym, you don't need your trainer, sign up with us. Hopefully, the some that we get from the big box gyms will make up for the ones we lose to Peloton® and the virtual workouts. Well, we are doing virtual workouts too now, right, but you know what I mean.

Lawrence: Luke, I'd love to hear your perspective on that if you can remember my question.

Luke: Yeah. I would actually just agree with everything that Adam said. I'll use an analogy around sports. One of the smartest guys that I've ever read or heard speak is a guy by the name of… Okay, now his name is escaping me. Creator of Strategic Coach, his name is Dan Sullivan. So Dan Sullivan is 75 years old. I think he is more responsible for developing and upscaling entrepreneurs than any other single individual on the face of the planet, at least in North America. I mean, like Gino Wickman is a product of Dan Sullivan. If I just think Dan Sullivan, when he speaks you should

listen. What he was talking about was he loves sports, he loves watching sports on TV. Well, at some point, he decided I'm going to see if I can go for specific period of time without watching TV, not watching sports. Well, he ends up keeping the streak going for like 18 months and he's not watching sports, he is not watching TV at all. So what's happening with sports right now, and I'm a guy that loves to watch sports on TV, and now I'm not watching these sports on TV. What Sullivan says is when the sports teams, when professional and college sports return, they should not assume that the customers are going to come back and watch them and consume them because the customer is actually watching them and consuming them out of habit. Not because the product was a great product. And he said, this is the time to rethink that offering and rethink that entertainment experience from the professional sports teams because we are now learning a new normal. That new normal is no longer sitting on the couch and watching a basketball game and the NBA needs to be aware of that. So for us, I would say for big gyms, if the normal was I just go to my gym and we learn for two months that you don't go to the gym. You use your Peloton® at home and you do some type of virtual training. I don't know what it is. That could be the new normal. So we should not assume that people will return to whatever that previous normal was. I think that's going to have implications for us. They may be positive implications that people are using our own virtual training. I still think that we are a little bit more niche that we provide such unique value

that people are going to come back to our studios and train like they did previously. I think the message is we should not assume that consumers are going to return to the exact same consumer behavior. Now, that's one prediction. The other prediction is what you said, Lawrence. Man, like I'm so excited to go a restaurant when restaurants are open. I'm going to go to a restaurant like 20 nights in a row and go to restaurants. I can't wait to get on an airplane and go somewhere. I think we may have a rebound in some of these sectors like people feel like their very right as a human being to go on a vacation has been taken away. I think that we may see people getting back into more elaborate or extravagant trips when all of this settles down. Those are two ends of the spectrum in terms of those predictions.

Lawrence: Awesome.

Melinda: I wanted to point out that the reason that this is all happening to us is a global health emergency. I think one of the things that will benefit our businesses in the future is that people will be more focused on their health. And those who did not prioritized their health in the past will begin to prioritize their health in a way that they've never had. I think that could be a huge benefit to us as well.

Adam: That's a great point. Especially the clients we've lost. I'm thinking making that point somehow in our messaging when we reach out to clients that used to be with us.

Melinda: Yes.

Lawrence: That goes back to the importance of that email list that Luke highlighted. You have that resource. We should all be building email lists in all of our businesses right now. I'll certainly be creating content on that and perhaps help the listeners and people attending this and show them how to do that.

Dr. James Fisher is on the call and asked the question, "How do you determine the cost of virtual training sessions?" Melinda, do you want to take that one?

Melinda: Sure. We kept it exactly the same. We are using against people's packages their sessions with us. Some clients have said things who didn't end up doing the virtual sessions with us which made me doubt that decision for a moment. But going back to the point that's been made in this podcast and that it's not about the tools, it's about the trainer. It's about our expertise. They are still getting the same product if not a switch up. It might even be like better in some ways. Yeah, I kept the price

exactly the same. Some of my trainers were hesitant with that as well. In order to calm their fears about keeping the price the same without the equipment, without the studio, I kind of said, "You know this is an exceptional time and this people, our clients, want to support us, so people who can financially afford it will do it. Those who cannot will not, and that's fine." And what ended up happening is our clients are loving it. No one who has done any of the virtual sessions at the same cost has said anything to the contrary. And I just raised my prices as of January 1st. This is a higher price than they had paid previously. So I kept it the same.

Luke: Melinda, can you tell everybody how much you're charging?

Melinda: Yeah, we have several different packages. If a client wants to purchase one session at a time it's $95. If they buy a package of 4 it's $350. A package of 10 is $825, and a package of 20 is $1550. We have people who have packages with us and we are just taking the sessions off like we normally would. There is no discount. It's the same great product with the same great trainer.

Luke: So the 20-session package is $77.5 a workout? Is that right?

Melinda: Yes.

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Adam: Who is counting?

Melinda: Who is counting? Did you just have that in your head? That's fast. I know what the price is and I forget when you pull that. Like what is that? I'm like, ahh.

Adam: I kept the prices the same also for the same reason that Melinda said. The only thing I would add to what Melinda said because that's exactly my rationale is that we are asking our clients, if possible, to kind of put aside the package they have with us and buy a new package of virtual training to keep the cash flow going. So when we come back to the brick and mortar location, your package picks up where you left it. But for the virtual training you mind buying another package. I would say a very good percentage of them are saying, "Sure, anyway to help." There are others that are taking a financial hit but still want to do a virtual training and are asking to click it off their package and we are accommodating that as well. But we are not lowering our prices.

Lawrence: Luke, if I recall yours slightly reduced price on the virtual trainings. Do you want to talk about your mindset behind how you priced yours?

Luke: Should we note that Adam and Melinda are far more intelligent than I am.

Lawrence: We knew that.

Luke: We went less expensive but here's why. So we offered two services, one is one-on-one, and depending on what trainer you're with that's roughly $56, $57 for a 30-minute workout. And then we do group, which is a 3 to 1 ratio, that's about $35 for that workout. We want to be able to serve both our group clients and our one-on-one clients but frankly I don't think we can do virtual workouts as a group. We launched virtual as one-on-one only. I don't want to say that we split the difference but we found a common ground so it's $39. Our one-on-one clients are actually spending heck of a lot less money than they normally would. Our group client has a $4 upcharge for them to jump into it and frankly they love the increase supervision, and maybe a good deal of them will stick with one-on-one when we go back to our normal operation. So that's what we did, we went $39 across the board now. Let me say, when we think about sessions, I told you before that for us a decent week was 1,600 sessions. Well, that's group sessions and one-on-one sessions. Each human that comes in for a workout that was a session. What that mean, a session price for us was about $44.50. Okay, so between one-on-ones and groups that's what it was. Now, our mean session price is $39. It's really for us to do the math and kind of understand what do we need to get through in terms of session to produce similar revenue because we are going to be down about $6 or $5.50 per session. So that $39 at least gives us in a ball park

of what our average session price was before. Again, when I say average I mean that the mean between the two. No one is actually paying $44. They are paying more for one-on-one, less for a group. So that's where we landed with the $39.

Adam: No, but you're essentially the same. You gave a small discount but you're essentially the same. You're not dropping your pants for sure.

Luke: Correct.

Lawrence: Jack, correct, we are recording this. So this will be on the podcast very, very soon and you will be able to listen back.

Great question here from Patrick which is a bit of a curve ball. I think it's been addressed a little bit but I'll put this one to you, Adam first. "Isn't this concerning for us operators that some people are reporting that they are getting BETTER workouts at home. Yikes, is this not a threat to the business we love?" The last bit I added by the way. But I think that's the gist of this.

Adam: Perhaps. Perhaps but I doubt it. Time will tell what the answer to that question is. I tend to believe not. I tend to believe that we are all going to be better trainers for this. We are going to be better customers and have a true understanding about what the purpose of a professional trainer is for. I think we emerge from this especially the skillset of the colleagues that

I'm talking about the Lukes in the world, the Melindas in the world. I mean, these facilities, they know what they are doing. These are the top 1% of facilities in the country and for those facilities they have read about Bill DeSimone and really know their stuff, know their science. No, I don't think it's going to be a problem that there haven't been a workout. That's everything that is different is going to feel a bit better. They are going to get sore because they are doing something different and they've been doing. A lot of the clients are going to have the perception that it's a better workout. In reality, it's just a really good workout done in a different way a little bit. The novelty and the soreness will wear of and then they are going to realize why they hired InForm Fitness, or Discover Strength, or The Strength Shoppe in the first place.

Luke: Lawrence, is it okay if I add to that?

Lawrence: Please do.

Luke: I agree with literally what Adam said. But I would also suggest that… Lawrence, you may be slightly too young to remember this. If James Fisher is still on he definitely remembers this. There was a famous basketball game where Michael Jordan has the flu. He is puking his guts out before the game and he can barely stand up. They are like, he is not going to play. And he staggers on to the court and plays one of the best

games of his entire life. So there is this kind of, I want to say area of research, but I should really probably say area of speculations that when an athlete is sick we can sometimes see even greater performance because they have a heightened awareness that I need to make up for the fact that I am not at my 100% physically or physiologically. So I think we are literally seeing the exact same thing happen in our workouts. We know that we are like up against the wall. We don't have our equipment, our backs against the wall. We don't have our equipment. We don't have our normal tool. We have to win this client over and so we are upping our game because we essentially like have the flu. And I should not make a flu comment right now… That we have absorbed it, okay. I think I just suggest that all of our trainers have a virus and you should stay away from us. But what I was saying is we actually feel the need to if I don't coach better, if I don't provide better queueing, if I don't provide better specific positive feedback right now, if I don't provide a better experience, I can't rely on our equipment. So we have good equipment and our training approach is that we like to do a lot of kind of advanced overload techniques. We like force reps and long negatives and things like that. Well, that's taken out of our toolbox. And so all of our trainers I think were acutely we're going to the session. Man, I got to rely on some other skills and I think they are bringing it. I don't think that's probably sustainable and that gets to pack this question is we're seeing an increase hyper focus from a trainer right now. I think that will diminish and maybe what

Adam said, the novelty of it will diminish. I think our client will still when given the choice would I rather train in a facility with great tools or I'd rather train at home. I think it's going to be a facility with great tools.

Adam: And don't forget the community. We are getting a lot of feedback that they miss the community. They miss being there. They miss seeing the trainers. I mean, in our facility the clients just don't know their trainer, they are greeted by a very personable person who merely gets into your life. If you know who I'm talking about. All the trainers, trainers change, we switch, and we work with other trainer's clients. Everyone just wants to be there. It's a great environment. People want to be there. It's not going to return to the way it was. I don't know what that means right now and what that's going to look like. But people do want to come back. I don't have a doubt about that. We just added another. This seems to be the theme of the whole episode here. But you know, virtual training is just another tool in our toolbox.

Melinda: I love that. I have to agree with everything these two said. I'm just adding that a lot of our clients work out at the same time, the same day, the same time, and so they know one another. I think that's a piece that people are missing as well of their kind of like the other clients that are typically there when they come to our studio. That type of community.

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Lawrence: Awesome. Another great question from Patrick. I like the devil's advocate questions because they stimulate some interesting conversation. He said, "It's going to be difficult to track your trainers doing this on their own from home. Are you still making your trainers come into the facility? What is it to stop a trainer from just grabbing clients and doing the virtual training on the side?" And I'd put that one to Luke first I think.

Luke: Well, I haven't figured that out yet. I mean, right now I think my answer is if you have the right culture in place and you have the right billing process in place frankly, like a client in, you know, whatever you use. For us it's Mindbody. Then they have to be on the schedule for it to actually happen. I mean, there's probably ways a trainer could work around it but if that is what's going on you have some deeper cultural issue that should be addressed. I'm not saying that that won't happen but that's the strength of a small studio is you can build this culture, and this connectivity with a team and a staff, and be on the same page in terms of what you're trying to accomplish, and how we treat each other and so forth. We are striving for win-win relationships etcetera.

Adam: Yeah. I agree 100%. I just thought when Melinda said earlier that people be reminded that this is a healthcare crisis and it's going to make people think about their health. Maybe more point than anywhere I have before. Well, it also makes me think that I need to be… This is making me think of

what kind of leader I've been and what kind of culture I've created. It's making me realize how important my relationships are with my trainers and how important to maintain a very good relationship with this. Because that's the only way you can assure that they are not doing this on the side. I don't know technically how you'd be able to avoid it. There's going to have to be some faith that your relationship, that everyone is acting with integrity. And how have you been as a boss, as a leader, you know. This is making me think of that a lot lately.

Lawrence: Yeah, no, I love that Adam. Is there anyone else wants to comment on that as well?

Luke: Lawrence, can I just interject really quick?

Lawrence: Sure.

Luke: I'm not sure how you are going to eventually wrap this up but I would love it if at the very end you could give us like a 30 seconds or 60 seconds of just rapid fire where we spit out any kind of tactical things we're doing or words of wisdom we think could be deployable. I mean, like super tactical things that someone could go put to work. I don't mean long explanations but just like if you had a list of three things or six things that someone could deploy.

Lawrence: Yeah. Absolutely I'd love to do that. You know what, just before we do that. Guys, is it possible to run over by five or ten minutes or if you've got a hard stop at the end of the session here?

Melinda: I can stay longer.

Adam: I don't have a hard stop.

Lawrence: What was that, Adam?

Adam: I don't have a hard stop. I have a soft stop.

Lawrence: Sorry. I won't take advantage of your soft stop. I wanted to hear, I know Jack had a question on workout design and we've not even talked about what the workout design might look like, the programming. Melinda, I'd love to hear what you're doing from a workout design point of view. And then once we perhaps talk about that for a moment then I'd love to do what Luke just said regarding the sort of rapid fire deployment tips.

Melinda: Okay. Over the weekend with my instructor, Diana, who's been with me the longest, we designed the basis of the workout. And then, when I taught my instructors the workout I told them, "Hey, whatever you want to

add we're going to start this document…" We have a Google doc and everybody adds what they are doing so that we can kind of have this cohesive The Strength Shoppe workout. We did primarily exercises that are bodyweight or timed static so that clients who do not have props could do all of the exercises. And then it's very easy, we don't have to have any awkward moments when we get on camera with someone like, "Okay, what do you have? Oh, that dumbbell isn't heavy enough for you to exhaust your muscles in this way." I didn't want any of that uncertainty or frustration on either end for the client or the trainer. So they are mainly timed static exercises or bodyweight exercises, then the trainers are individually customizing movements or exercises for whatever that person has available to them. You know, customizing it is what we always do even in the studio. Did I answer that question? Sorry, my dog walked in I got distracted.

Adam: Yes, you answered the question.

Melinda: Do you want me to… I mean, that's the other thing. My husband and I shot a video basically teaching the exercises that are the basis of our routine. I'm going to put that video online for free, requesting donations for anybody who uses it. But also if you are listening to this podcast and you want to know what we are doing with clients, you can always take a peek of that video.

Lawrence: Great. And what about you, Adam? In terms of workout design, can you speak on that for people?

Adam: Yeah, definitely. We are sticking to the basics, man. And this is what's so cool about it, we are doing push-ups, we're doing squats unto a chair. We're doing deadlifts. We are doing pre-exhaustion. We have the order of these things is very important which you go from a deadlift to a squat or a squat to a deadlift. We are doing compound row with dumbbells into a lateral raise, into a shoulder press. We are also doing it pretty quickly and then we are also doing something which breaks all the "high intensity rules". We are doing multiple sets which is something I haven't really played around too often in our studios which is finishing with another set of squats at the end. Maybe adding if they have an exercise bike in their house or whatever. We can do some intervals, some 20-second intervals on top of everything else. As Melinda said, we also put a Google document together and we are all adding our things. We're all having FaceTime meetings about twice. Well, every other day we are having FaceTime meetings and everyone is sharing their experiences with the routines that they are doing. Abduction with exercise bands make me sure that the band is above the knee, right. That seems to be working very well. Lunges and… We are not doing anything fancy. BOSU ball is great to do abs on if they have a BOSU ball. It's classic ab exercises. And also what

Melinda said, I just this morning. This morning with Rob Francis, for those of you who know Rob Francis, he is iconic in the high intensity world in my opinion. He and I just shot a whole series of video to kind of show some of the things I just talked about. We are also going to be putting it out there for people to use if they are not going to do the virtual training or even show them what a virtual training could look like. We are definitely communicating with our clients via giving them original content. Not putting a link to how to do a deadlift but doing it ourselves. Keeping that personal connection with them. We are going to probably on a regular basis provide content as time goes on.

Lawrence: I think you make a really good point there about the importance of using pre-exhaust exercises. I think one of the things that everyone is going to realize is home workouts of bodyweight workouts can be far more challenging to reach failure than a machine-based workout. It really can take a lot of grit certain exercise especially the lower body stuff. And so pre-exhausting things like split squats, or wall sits, or bodyweight squats with abduction/adduction, timed static contraction work could really be effective.

Adam: Exactly.

Lawrence: And things like timed static contraction chest fly where you press against a door frame before push-ups for example can make this far more easier for clients to do I think and reach deeper level of fatigue. That's some observations as someone who's trained from home for a very long time. Luke, I'd love your view, your input on workout design and then if you want to go straight from there into some kind of tips for deploying this rapidly for the listeners. Because I think you are right bringing that up because time is critical right now and we all need to act fast to nurture clients and to be able to serve them remotely. So do you want to just give your take on that?

Luke: Yeah, and I promise I'm literally going to start a timer on my phone when I go over that and not go over 60 seconds. But on the actual workout we're doing a lot of the things that other people said so timed static contraction, and we have a way of doing that where to build up it's 50% intensity, 75%, then a 100% intensity. The 100% is held for 30 seconds or whatever the time under tension is and were 50, 75, 100. Lawrence, exactly what you said like we're doing a pec fly where you put your hands in front of you and just contract the pecs for 60 seconds, maybe 90 seconds, then drop to a push-up or negative only push-up. Leg exercises we like are a ball squat, a wall sit, a partial range of motion lunge, a normal lunge, putting a towel or a ball between the legs while you're seated and doing like a timed static contraction adduction, putting a belt around the knee or

just above the knee timed static contraction abduction, a standing single-legged calf on a step or a stair. Those are some of the leg exercises. The upper body, upper back is the toughest. We've done timed static contraction with a towel. If someone has a dumbbell, then we'll do a dumbbell bent over row. We sent out links to our clients and said, we think you should buy this couple bands, you should buy these adjustable dumbbells. By the way, there's no adjustable dumbbells anywhere in the world right now. They're all sold out so we're even suggesting just buy these dumbbells. Buy 10 lbs. dumbbells, or 5 lbs. dumbbell's, and maybe 25 lbs. dumbbells and we can just re-use those for something. We've also done what Melinda says where we've said, if you fill up a gallon of milk this is how much it weighs, this is how much a bottle of wine weights. We're having literally clients do lateral raise with bottles of wine. So those are some of our favorite upper body exercises. We tried to vary the movement speed use some eccentric only work, timed static contraction, static hold at the end of sets. So very similar to what other people have mentioned so far and what we've done is the same thing as Adam and Melinda where we have one document and exercise menu of all the exercises that you can use in these workouts. And then were doing a meeting every day at 1pm and people can propose new exercises they want to add. But our rule is we only add two at a time so everyone can get good at them before we're all doing them. And we found out we're doing them all slightly differently. We just wanted to be on the same page.

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Lawrence: Awesome. Luke, have you considered doing… Again, Skyler mentioned Project Kratos which is a great resource for those listening who want to design a minimalist or bodyweight routine or minimal equipment use in there. He's got the timed static contraction simple row which is just obviously reline your back and hands out to side drive your elbows into the ground. Is that something that you've considered for as a really basic option for upper back development?

Luke: I like the towel better because everybody has a towel. I mean, I don't know if it's a strength or weakness it's just you're getting some form and biceps stimulation also. But it's just still similar to the movement that they're used to on like a MedX row which is what we have in most of our facilities.

Lawrence: Do you want to dive into your idea there about just giving them tips for the listeners to take them right now and implement?

Luke: Yeah, so these are just rapid fire. I'm literally really pressing start right now. I think you have to choose which option do you want to pursue? Wait and try to weather the storm until you can open up again or will you pivot which means now you need to actually drive revenue doing virtual training. I think this podcast should push people towards, "Hey, don't

wait. Pivot and start generating revenue to somewhere else." The next thing is go through all expenses that you can possibly cut and even decide what are the things that I can stop paying that I'm not going to receive any type of penalty for. Then your mindset needs to be "grow revenue". I think the companies that make it through this time period are going to be focused on growing revenue not just cutting expenses. This is the time where you should ask for something that's unfair and unreasonable. You should be asking your landlord, you should be asking your staff, and you should be asking your clients for something that is unfair and unreasonable. Hey client, I want you to pay 3 months ahead of time. Hey client, if you buy 40 sessions ahead of time will give you a 10% discount. Staff, we're going to give you a 20% cut in pay. Something that is unfair and unreasonable. Landlord, I'm not paying the next two months. We'll figure it out later, alright. Then, I think you need to more so than ever you need to communicate with your email list, your clients, but it's got to be short, concise and clear. It cannot be 8 pt. font and six paragraphs long. We should communicate more than ever but it has to be super short. Here's the three options and when I open up that email it even look short. It cannot be long. I had a high intensity training colleague forward me the email that they sent out recently to client and I thought, "My goodness, I'm interested in this and I'm not going to read this because it just reads like Warren Peace. Now is the time to be connecting with your staff more than ever and you should be listening. You should be scheduling Zoom

call or Skypes where you're literally just listening to their concerns for 30 minutes and showing empathy and letting them talk, and being a real human being with them overcoming any sense of anonymity with them. When you're communicating with your staff as a whole you want to be incredibly transparent but not over promise. So transparent means here's where we are in numbers, here's what we're looking at, here's what we need to do. Just incredibly transparent but don't say, "Hey, no one's job is in jeopardy. We're all going to make it through this." Because you can't back any of those things up. We just don't know what's going to happen in three hours from now, let alone three weeks. And then I would say in terms of social media, the thing you should be doing now, anyone that's launch virtual is that they should be showing testimonials non-stop on what those virtual experiences are. Because our clients are used to coming into the studio are just apprehensive. They're just not sure what it's going to look like. You either shoot videos and do those videos and put them on your social or get testimonials. That was nowhere near a minute. That was 2 minutes and 38 seconds, and I apologize.

Adam: Well, that's alright. I'll give you my minute. I'm not sure I can add too much to that. But let me emphasize communication with your staff, being transparent, not over promise. You nailed that, you know. Constant communication with your client very succinctly. We're communicating with our clients on a very personal level too. We are just like saying, "Hey,

how are you doing?" You know, we're in the epicenter of this so like we all know somebody that has it, that's infected with COVID-19 right now." We're just like checking in with people. Forget about the virtual workouts. Say, "Hey, how are you doing? How are you feeling? Is everyone healthy?", "Cool. Let me know what I can do. I'm here." That's the only thing I can really add to what Luke just said.

Lawrence: What about yourself, Melinda? Do you have any quick takeaways, tips for the listeners that they can deploy straightaway in their strategy?

Melinda: I think the biggest thing is to get through the shock, the feelings of this is so not fair, the devastation of what this has done to your business. To get through that as quickly as possible so that you can think of, "Okay now what?" Hopefully, this podcast just, you know. I know that it helps me to hear what everybody else is doing. But if you can get to that, "Okay now what? Now, how are we going to deal with the new normal and what's business going to look like from this point on and use it as an opportunity. So anytime, I mean, that's what muscle failure is, right? You stress out the muscle, you put it under an intense trauma so that you can become stronger. Everybody should look at this opportunity in time as my business is going to be bigger, and better, and more awesome after this moment. Based on this moment because I'm going to grow from it.

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Lawrence: Awesome. What a great way to end this and I don't appreciate your sarcastic laugh, Adam.

Adam: I just know Melinda. I'm laughing with her. I love the way she expresses herself.

Luke: Melinda, that's a typical New Yorker that you're dealing with.

Lawrence: This has been a great format and I should thank Luke because Luke is the one who actually is just doing this. He gave me the idea. I really would love to do this again. I think this is so productive and it is just so much fun as well. Hopefully, we can maybe do a Part 2 maybe in the near future to see how everyone's, how things are changing, and how all the businesses are evolving and addressing the situation. For everyone listening, this is recorded. This will be transcribed as well and it will be obviously published on the podcast which is a good thing to say. Thank you for taking the time to join. Thank you to all the panelists for taking the valuable time out of their day.

I will just take a moment to say, as everyone else is doing, I'm also pivoting. You know, providing content that's helping you adapt to the current scenario and if you're interested inside HIT Business Membership which you can find over at highintensitybusiness.com/membership. I've

just created a course in there or a presentation with Ali Watts, who is an expert when it comes to both online and offline fitness business. She's not from high intensity training but she's highly successful in building online businesses in fitness. We did a 2-hour presentation together and we went through all the how tos, how you deliver your virtual services, and how you position it, how you sell it. All of those things. I think that's enormously valuable to everyone right now so if you're interested go to highintensitybusiness.com/membership and please consider joining.

Thanks again to everyone. I really appreciate the panelists taking the time and thanks to everyone for joining today. If you want to re-listen to this look out for the episode. It will come out very, very soon. Thanks guys. I really appreciate it.

Adam: Thanks for the invite!

Melinda: Thank you!

Luke: Thank you, Lawrence.

Adam: Good luck, guys. Good luck to you all. Thank you!

Lawrence: Cheers! Take care. Bye now.

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