Process Documented FBA

Lawrence: Luke, welcome back to the [Membership](#).

Luke: Thanks for having me, Lawrence.

Lawrence: This is the 5th component, and this is the next episode of the Traction series. This is I think part 11, and this is the 5th component of 6th components. This is called the process component which talks about how to define your processes, how to document your core processes, and how to ensure that your entire organization follows those processes. And obviously, as you've been saying at the start of every episode of this series, really important that the members, you listening, have read the [Traction](#) book as you go along with this, as you implement this into your business.

Now what's different about this series is we are actually talking about all of these elements of your [Entrepreneur Operating System](#) in a high intensity training business context which makes this super relevant and congruent with your business. I'm excited to talk about the process component today. Luke, I figured we'd start with just defining what is the process component; perhaps talk about, start talk about documenting the core process. Just to kick things off, do you want to just describe exactly what is this part of Traction? Why is it important?

Luke: Yeah. I think I should mention, at the start of every one of this episode we've done on this Traction series, I've probably said something to the

effect of effective, "Wow! This is my favorite topic. This is the most important topic." And that enthusiasm is real. However, in a more measured statement, I would say this topic, process, I don't know if it's the most important but it's the most important for the vast majority of high intensity training studio operators. It is the one area that most studio operators struggle with the most, and it is an equivocally the one area that if they could focus on and execute on at a high level, they would see the most growth in their studios. So if someone said, "Well, what's the one thing you would do in Traction?" I'd say, "Well, you got to do it all. Don't just do one thing." But if you were to do one thing, it would be this. This is the constraint, right. The epic 1980's book, The Goal by Eliyahu Goldratt is considered one of the best business books of all time and he just says, "You got to understand what is the constraint of your business." Well, for most high intensity training practitioners if you're under a million dollars in revenue, the constraint is process, so I think it's incredibly important. That's kind of my lead in.

Process is understanding what is your secret sauce, what's your recipe. And what you have to do is get that down on paper, into the steps are, number one, decide what is your processes are. When you think about your processes, think about what are the 4 to 8 areas, categories, that really are critical to running a business. One would be marketing. I need a marketing process. How do we do marketing in this business, in the studio? One would be finance. How do we do the books in this studio or this business? I think the most important one would be, for lack of a better

term, you can define it however you want, the workout core process. How are we delivering workouts in our studio? First, you pick the processes that you eventually need to create.

The next step is you actually document them at a high level, alright. And we can go to the nuances about how you actually document them. And then the final step is FBA which is Followed By All. You have to make sure that everyone's using the process, and that is a really important step. It's one thing to have the process written down, they are in a binder somewhere but no one actually uses them, right? Or you don't hold people accountable to them. So that is a massive step right there is can you achieve FBA on all of your processes.

Lawrence: Awesome. Let's get in into the how in a moment, and I love just starting off by talking about results, the outcomes people are going to expect when they implement this in their business just to get people a little bit excited about the amount of value this brings to the business. I was recapping Traction today just looking at the outcomes and some of them are kind of obvious, right. If you create a process and then you create it once and you're not recreating the wheel every time you are going to increase efficiency, you are going to save time, you are going to save money, you are going to have more control over your business because your entire business is on paper - your entire business model, how you market, how you deliver results and deliver on your operation, how you account, how you manage your money, how you hire people. These are going to give

you more controls. You are going to have bird's eye view on your business. But then once you've implemented all this stuff, and obviously this goes for a lot of the elements of Traction. But this is a key one as you've highlighted, Luke, is it gives you options as the owner, right. You could focus on growing the business, get someone else to run it, here's the playbook. You could sell the business, you could franchise it, or just simply take more time off. I just find that so... I know that there are a lot of listeners who have those who want those options to explore in their own business journey. But I would love to hear from you Luke, firstly, when did you implement this in Discover Strength? Can you talk about the changes that occurred and the results you've experienced?

Luke: Well, to give a little bit of historical context, I read E-Myth before Discover Strength opens. I read E-Myth in 2005, and E-Myth is the ultimate book on process and systems. However, the mistake that E-myth makes is it is too nuance and too detailed. I actually think Gino Wickman does a better job. But Gino Wickman, if you're chatting with him, he would say E-Myth is a great book but my goodness too much nuance. That level of nuance is actually probably a barrier to the entrepreneur who actually starting anything, right. He would say, you got to get every single step, everything you've ever done, documented.

We were doing process from the day we started. I said, "Well, I'm not going to be the only one training people. The rest of my trainers are going to train people so I have to get it on paper how I want someone trained." From the day we opened, I had our training process, but then that just

continue to grow over time. Let me give you a little bit of insight from us is the core processes start simple and then they grow, and get bigger, and longer, and more detailed and then the next step is you got to cut them back down. You got to trim them. So we went from a process of how to train a client that was four pages long, and over time it grew to 60 pages long. And we said, now we got to cut it down to whatever it is now, 40 pages long.

Every time you read a new book, every time go to a new lecture, every time you learn something, you can't just keep adding that to the core process because there is just too much there. We started with a really good exercise process. We didn't call it core process, we just call it the system. And then we read [Traction](#) and we said, "Oh, we have to have processes in all these different areas." By the way, creating processes is a great rock as you start as you move toward processes just a quarterly rock. So if you have 2-3 people on your company, you say, "Hey, this quarter one of my rocks is I'm going to create the exercise core process. You can work on the marketing core process. Someone else can develop the…" And then every couple of quarters or every quarter you just pick another core process and get it done. If I'm an entrepreneur listening to this and I'm a studio and I have one trainer and it's me, my rock for next quarter is write the exercise core process. Next quarter my rock is going to be write the marketing core process. Next quarter… and then you'll slowly chip away. That's how you develop them. You don't sit down and say, "Oh my gosh, I have to write all of them at once." Just take it one quarter at a

time and pick one or two core processes and write those. That's what we did. We got all the core processes implemented within the first 3 quarters, so not quite a year, we had all the core processes written.

Now, we're not adding new core processes. They're there. We can tweak and adjust the existing core processes. But for me, what it did for me personally is no longer was I running the business, the processes were essentially running the business, alright. That was incredibly powerful. And then, we could hire people whether it's a trainer, whether it's a manager, whether it's someone leadership team and say, "Here's the process. Just execute on the process." And if we had an issue, if something wasn't working, we would say, "Well, is this a people issue? Do we have the wrong person or is it a process issue? Do we need to change the process or improve the process?" I don't want to over simplify it but it's pretty much that simple - is it the process or is it the person? If you don't have the process, you just don't know.

And I get a call from a studio owner every single week from someone saying, "Well, how do I take the next step? And I said, "Well, the next step is always, it is always make a process. Get this down on paper." Like you can't hire people… I worked for a studio once where the owner was brilliant, really smart guy, can give incredible workouts. I mean, literally, if I'm going to go anywhere in the country and get a workout he's like top 3, like, the workouts are phenomenal. But when he on boarded me and trained me in, he never had a process. And so the way I learned was like

the master and apprentice approach which is a fine approach. I just think it's outdated and it's so hard to teach multiple trainers, and then if you have beyond trainers, if you have marketing help or financial help, you can't just constantly say and this is what he told me is, "Hey, you just got to be in my back pocket all the time and just follow me around and learn from me." Well I said, "Man, it would sure help if there's like a manual or a process that I could read." And then, years into it, right now if a trainer says, "Wait, how are we recording this protocol on this exercise? How are we actually documenting down in the workout card?" They don't call me. They don't call their manager. They just look at the core process because the core process is the bible.

Now, if you think the core process needs to change like we may hear Bill DeSimone speak and we say, "Hey, we should probably change the range of motion on this particular exercise." We can't just change it with a client. We got to change the core process and so that's what we'll do. We'll change the core process and then everyone will change together. So for me, it allowed me to no longer be the answer man, right. And by the way, that's a huge hang up for the entrepreneurs. We're actually addicted to that. We want someone to constantly call us and have us to be the answer man. But if you're the answer man, you are the bottleneck to the growth, alright, and that usually what happens. If a studio can't get pass $250,000, $400,000 in revenue, it's because the owner is the bottleneck. The owner doesn't actually want to grow it and the owner's behavior is preventing the organization from growing. So you got to get those processes

documented and then you are no longer the business, the process is the business.

The second thing, and this what you said, it gives your business value beyond you. You can't sell your business ever if you don't have processes for how you do everything because it is just you. Now this applies to fitness, it applies to high intensity training studio but of course it applies to any business. Just think about it, are the McDonald's brothers and Ray Kroc flipping burgers at the McDonald's you last went to? Absolutely not. But did the burger taste the exact thing? Absolutely. It's because of process. And everyone is familiar with that cliché but they don't do it in their own business.

Now here's the deal, in my opinion, and I feel really strongly about this. Every one of your listeners have to think about what's magical about how I deliver the workout. How do I want the workout delivered? That's what your process is, okay. How do you coach a rep? How do you coach a transition? How do you want it recorded? What do you do at the point of momentary muscle failure? Get all those things down. Do not say our process is the Super Slow tactical manual. Our process is the Nautilus training principles from Nautilus Bulletin #1 and Nautilus Bulletin #2. You got to be more nuance and think about how do I do it. That's the beauty of it. I mean, Lawrence your process will be different than my process because you want the workout delivered slightly different and you got to capture all of those things. And you actually can feel a little bit egotistical

as you do that, but everyone on this call has been training people for a long time and clients love them. You have to think about what does the client love about what I do and you got to get that on paper.

Lawrence: This is such a good point because I know for a fact that people listening to these is going, "Oh, I just love to get my hands on DS' core process." But the thing is in an ironic way, you are it almost paralyzed you because it will make you… Let's say you're looking at your core process, but you're trying to come up and be authentic and create your own. You won't be able to think as freely because you're be too drawn to it. I know that they did such a good job, I want to copy what they do. Maybe that's slightly different in terms of the workout because like you said maybe people have got more confidence in their own approach to training people but I guess I'm talking about the core process in general. I know that obviously that's your secret sauce so you guys keep that close to your chest which I completely appreciate. But I agree with what you're saying because I see a lot of them, especially the newer high intensity training business who have perhaps same started with [Body by Science](#), right. Like that was the gateway drug to high intensity training for them, and so they all just kind of talk about their training style as the Body by Science approach. When actually what they probably should be doing is their brand way, their own workout process as opposed to saying we use the Body by Science approach. I mean, unless you leverage that as like a marketing asset, right, in that if people are familiar with [Body by Science](#) maybe that's not that valuable or that important. I'm not sure. But do you have anything to

say on that? Have you seen colleagues do that where they might highlight Body by Science as is it the same principle really as you've already said?

Luke: Yeah. I mean, I'll say that I thought we're all doing a high intensity training, right, and I thought that for 20 years. And then we would refer clients to studios all over the country and we'd say, "Hey, this workout is exactly like we do. You're going to love it." And they come back, and they'll be like, "Are you nuts? That was nothing like what you do." I always respond, "Okay, hold on." And the whole continuum of how a person could exercise. I mean, we're like one inch apart from that studio relative to this landscape that's a mile wide. Yes, there's nuances and differences, but I realized the client notices those nuances and differences. And they don't seem nuance to the client. They seem very different, so I thought, "Oh, okay. Well, we should probably keep doing things the way we want to do them and keep capturing how we want to do them." That's the thrill of it. Everyone on this call can decide or everyone listening to this can decide how they want to do that and how they want to create that. I think that's what so thrilling and that what's so exciting.

Lawrence: Absolutely. So you've already started talking a bit about the how. In Traction, Step 1, is schedule now of your leadership team to identify your processes, which you've already gone through, and then agree names. Do you think that's a really important part to actually have a clear name? Because I noticed you do that in your business. You have names for every single thing. You have unusual acronyms for internships and for referral

programs or the Body Comp Challenge, things like that. Do you think that's a really important thing to do as well?

Luke: Lawrence, let me be a bad guest here and just not answer that question for a second because I'm going to forget about this if I don't mention it.

Lawrence: Sure.

Luke: You talked about systems before and how we got turned on to it and how you probably can't copy someone else's systems. I bought a course in 2010. This was April 2010, from her name is Sherri McMillan, and Sherri McMillan is in the west coast of the United States. She speaks at every conference and the company's called Northwest Personal Training, 5,000 sq. ft. studio, and she would speak at every industry event on how to build a 1-million-dollar training studio, and no one had a 1-million-dollar training studio. And so I would hear her speak and then I saw she offered a 2-day intensive course for $2000. If you flew out there, you'd pay $2000. You went to the course and then you got on a CD, you got all of her systems, and you got a binder that was like 400 pages long. And when she would speak at a conference, she'd hold up the binder and she'd say, "You got to have systems. These are our systems. This is how we do everything." And I would just stare on that binder and think, "Oh my gosh, that binder. I need the binder." I remember it like it was yesterday. I ran the Boston Marathon in April, I talk to my business partner at the time and said, "We got to do this. She's offering this course live. It's going to be the last time

she offers the course live. We got to go to it." And so we flew to Washington, and it was he and I, and there were 3 other people on the course from all over the country. First of all, I was thinking why isn't everybody here. There's no trainers, they're doing a million dollars. This woman is like, she's absolutely brilliant, great speaker, and great content.

And so, she gave us the binder. And that night, my business partner said, "Hey, I got a friend in Washington. We'll go visit him. We'll hang out. And I said, "Oh my gosh, no way. I'm going to a restaurant and I'm going to page through and read this entire binder tonight, and nothing can keep me from that." What did I discover? I discovered her systems were incredible - incredible depth, nuance, every area of the business. Everything was systematized. And that's why Sherri McMillan, she was very open, she said I work no more than 35 hours per week. She had like couple of kids, balanced life. I work 35 hours a week and that's it. And everyone in the audience, and she was transparent, she put up her financials. She said this is how much the business did last year, this is what the profit was, this is what my salary was, this is what I took home at the end of the day. Everything. Unbelievable transparency. And you couldn't look at that slide that she put up there and not say, "That's exactly what I want to build." And then you saw the systems and you realize okay I need the systems to do it. So as a high intensity training practitioner, we just haven't got there. And that's not a knock, but people just haven't got there. People talk about what they want. By the way, if you don't want a million-dollar training business, that's fine. $200,000 business is awesome. But people

say I want a million-dollar training business but they won't do simple steps that you have to do which is build the processes.

So I'm in a restaurant reading through over processes and I realized, "Okay, this is what processes look like but none of these process are going to work for us." I try to adopt a bunch of them. We have them on CD where you could just steal on, put your name in them. But I'm like that's not how we talk, that's not how we do things, that's not how we… So I adopted a few of them, and over the next year I eventually scrap all of them and realize now I have a template. I have a vision for what you need, I just can't copy theirs. We just had different language. By the way, we had a totally different training style. I mean, like her business was a really well run business. I mean, the workouts are nothing that I would get excited about because they don't even represent anything close to a high intensity training approach. But for me, that was inspiration, right. She was letting the systems run the business and I think we need that inspiration. Go first and model a way around what it could look like.

Lawrence, I'm sorry that it didn't answer your question. I need to mention that, because that was inspirational for me. I have read E-Myth in like 2005, but then I saw her and I saw the binder and I read through it and I realized, this is what I need. I read it and realized, I don't want to copy her stuff. Frankly, I have some ideas on this stuff. I could come up with answers on how we want to do these things. Now, your question was naming…

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Lawrence: Hold on. Let's pause for a second. I do want to ask, we'll go to it in a second, but just a couple comments I want to make on what you've said. I remember you talking about Sherri, and I did actually, we were going to have a feature on the podcast but I think I might have had to reschedule her and then we never managed the schedule. Maybe in the future I can get her on the podcast. But, no, just a few comments. I completely agree. By the way, I love that story. I'm so like you in that sense. I would be like, "I'm not going anywhere. I'm going to go to a restaurant and consume this." I think that is so me for good or bad. But I agree with you on that E-Myth. There's a lot of story within which makes for a nice read but if you're kind of looking for someone that you could just execute on and looking for someone a little bit pragmatic then it's not always the easiest thing to read and execute on.

Also, you mentioned there about Sherri wasn't in high intensity training. I think one of the issues that you and I talked about before is how too many people on high intensity training are only looking at the entrepreneurs in our space for guidance when there are people doing really effective things in fitness business outside of high intensity training that we can borrow from and implement within our space to be much more successful. Because I hate to see the other fitness industries niches doing really well and high intensity training business is struggling. I want the whole intensity training business niche to elevate.

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The last thing I'll say is in terms of designing processes, you and your team have already been so generous and open with some of your processes on the podcast and inside the [Membership](#), so if members listening to this need help designing processes or you need some inspiration, obviously, let's take HR process. Luke went through the entire hiring process in DS and you can use that to help you design yours. The same for marketing and operations. It is all in there. It's all in the [Membership](#) and you can quite easily use the search function which indexes all of the public content and the private content so you can get some assistance in designing these processes but obviously you make them authentic to your brand. I just want to make those comments because I thought that was excellent, Luke, and I appreciated you just freestyling there for a moment. That was great.

Luke: One of the other things that having process does is it allows you to continue learn and absorb information and know what to do with it, right. Now when we go to a conference, one of the things that everyone that we bring to a conference knows is you're looking for one thing. Like I have a number of questions for them and one of the questions is - What's one thing that could be added to our core process? In the past, I would learn something and it would be in my head, and then it would in my notebook, and we talk about it, be excited about it, and then it would die over time. And I pull that notebook out 5 years later and say, "Oh wow! That was a great idea. We didn't do anything with it." If it's something that should be built in the business, you should always be listening for those ideas and

say, "Yup, that's going on our process from now on", and you know what process is going to live in. You get a great marketing idea. Boom! Goes into the core process. You get a great idea of how to greet a client, alright. It's going to go into the appropriate core process. If we learn something new about exercise which happens all the time, we've got to change our core process. We got to put this in the core process. So it brings I think some framework for you to absorb all the things you're absorbing when you are reading a book or listening to a podcast or attending a conference.

Lawrence: Yeah, absolutely. It goes hand in hand with the issues to this, right. It's like you go to a conference, you have an idea, you could put it on the issues list, and then when you're in those weekly review, that meeting, you can then quickly look at it and go, "Okay, that's a core process item". And then give that someone to own in and deliver on that. It works so well to give to the entire system. So yeah, I was just asking you about naming processes and do you think that's very important or not?

Luke: Yeah. I don't think you need to get the perfect name but you have to use the same terminology every time. So we call our marketing core process, we call it The Marketing Core Process. That's not a fancy name but we will only call it The Marketing Core Process. Our client retention core process is called The Clients for Life Core Process, and we will only call it Clients for Life Core Process. The words that you use in the business become really, really important to the culture and to the entire business. You have

to use the same terminology, so it's Clients for Life Core Process. Our Human Resources or HR Core Process, it is called First Who Core Process, because we believe that who comes before what or what is HR, it's about who. Human Resources doesn't turn me on. First Who turns me on. It's a terminology we use all the time so it's called the First Who Core Process. It's not that you have the right clever name. I mean, Marketing Core Process is not a great… And our sale core process is called The Sales Core Process. But you have to use that the same terminology all the time.

Lawrence: I'm assuming like you said there you talk about how you add to each core process and then you have to like try and cut it right down and keep it succinct and manageable. I'm assuming you kind of take a high level, 80/20 approach to building each core process out. Can you speak on that for a moment in terms of how much detail you put in the core process? And do you have separate SOPs or checklists to carry out certain tasks when they require more complexity.

Luke: I actually think a checklist approach is a great way to write the core process and I don't think it should be separate. The big filter question is what's the level of detail that I need if I were to hand this document to someone else, not interact with them, and they could actually implement it, execute it at a high level. That's the level that you want in there. We don't add and we used to accidentally add all this nuance information of what to do in MINDBODY for every transaction and all this stuff. I just

thought, well, if we need to say scroll the cursor and tell you're above this, drop down, click on it. We don't need to like teach someone how to use a computer. They know how to use a computer. If its common sense, where not going to include it. But the other filter is I'm not going to be there with you when you use it, so you should be able to use it by yourself, and you should be able to provide enough detail but not so much detail that some of it is hey that's common sense and I'm now skimming through this. If you find someone skimming through the core process where you put too much detail in there, like every line is in that core process should be critically important whether it's a key step. There is no one way to write the process. One way to write it… I mean, there's a book written on this called [The Checklist Manifesto](#), and you could write a whole core process just on checklist, like, we do this, then we do this, then we do this, then we do this, then we do this. That's how you could write the process.

Lawrence: Yeah. You make me think of my own checklist in relation to podcast blog post which I have a third party do now. I struggle a little bit because it's so detailed because I want it to be delivered to a certain spec. And we still have issues occasionally with attention to detail, but then I might be exacerbating that because that level of detail I've put in the checklist which they might be skimming to your point. So that's given me something to think about.

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Do you store them all in sort of Google Drive? I know you have a physical manual as well, right, but can you talk about how you store these things for the business?

Luke: Yeah, they're all in Google. They are in one folder, and the folder is called the DS Way, because you want to name all of your processes, and [Traction](#) literally gives you the recommendation whatever your company name is and put the way behind it so we call it the DS Way, right. I mean, it's not that super clever. And then we have a printed copy of it also, and it's beautiful, and it's color, and it's tabbed by topic, or by each process, and there's a table of content. There's a physical copy in each location. But then there's also obviously in the Google Drive, you can pull up a digital copy.

Well, what's the difference? The digital copy is going to be updated any time we have to make an update. As we change things in our exercise menu, that's going to be changed on an ongoing basis. As soon as you print the physical copy, it's going to be out to date pretty quickly. We have a commitment that we reprint a physical copy for all of our studios in December, so we have a fresh physical copy ever year. 95% of it is still valid and current and people on a studio on a back office will grab it all the time and look something up quickly and that's really what we want. And then, of course, you can be at home and say, "Hey, I'm programming a workout for a client or thinking about something and I don't remember how we do this", you can just quickly look it up.

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Lawrence: Awesome. Okay. And then when it comes to actually draft it out the processes, you've named them, you've got them kind of high level, obviously then if you have a team it then comes down to identifying, looking at your accountability chart, understanding each person's role within that team, and then you have a different person potentially responsible for documenting each process. So if you've got a marketing person they'll be responsible for the marketing and sales process perhaps, and maybe you as the owner might be responsible for operations or fill in the blank. Is that how you would run things at DS in terms of you have different people own different parts of the core process?

Luke: Yeah. We actually make it a key role, right. Every position should have 5 key roles. Let's think about Hannah who is our VP of Sales and Marketing. One of her key roles is own the marketing core process. Okay, that's a key role. One of her key roles is own the sales core process. Alright, it is that simple. Those core process should be owned by someone. This is going to make sense our VP of Finance, Jessica, one of her key roles is own the finance core process. That means everything that's in there she is responsible for. She is actually responsible for the content so if it needs to be updated she is going to be the one that's responsible for updating yes. Yes, someone has got to own that core process. That doesn't mean that they have to write it by themselves. We can all have some input on it. What we've normally done is they have taken a stab at writing it and then

we may circulate it around and everybody proofreads it or provides a little bit of insight or iterative changes.

Lawrence: Okay, cool. Okay, so that's kind of I think you've covered a fair amount of detail there, the core process. How long it should be and the level of detail within. Do you want to talk about…? I guess we've covered some of the benefits, the results. We talked about how it enables you to scale your business, reduces complexity. That's it. I want to talk to you about applying technology. Are there any memories that come to mind in terms of you analyzing a core process and making a core process more efficient applying technology to it or software and then having a dramatic result? Is there anything that comes into mind or anything you can speak on regarding applying technology?

Luke: In how we actually execute the process or how we build the process? Do you want specific, Lawrence?

Lawrence: I guess, yeah, and obvious one to me would be… This is going to sound really silly, but if you're just starting a business and you are taking payments manually, you are taking credit card through a machine but you are not using any software like MINDBODY, and then you implement something like MINDBODY, and then it just makes that entire process so much more seamless. I think that's probably bad example.

Luke: No, it's great. I mean, up until very recently every free introductory workout had to be scheduled through Hannah. If you read that it was literally 2

pages of how Hannah reached out to you, and she called you, and she emailed you, and then she scheduled them, and she communicated to the sales team member was going to do the free introductory workouts. Now, all of that is gone because the only way you do a free introductory workout is online. You go to the website and you do it yourself, and Hannah is taken out of the equation completely.

I was reviewing and updating a part of that core process and I said, "Hannah, how are we doing this now?" She said, "You can delete that whole page. The whole page and a half because we don't do any of that anymore. They just schedule online." I thought, okay, that's really simple. If I go back a million years ago our core process, when we got a credit card this sounds ancient. Literally, we have a slip and we wrote down their credit number on the slip and then at the end of the night I had to go into a software and type in manually all of the credit card numbers, expirations dates and what they were purchasing, this is like 2006, and I shredded the slip. That's what I did every night. Honestly, I thought that was scalable. I thought this is awesome, like, entering this at the end of the night this is fun, this is great. I'm taking payments and clients get to use credit cards. My goodness, I can't imagine that. Then the next step is how you swipe the card to the Point of Sale. And then, well, hold on. Can we just store their card and we them on a membership where it is just automatically swiped every month then we don't have to take payment anymore? To me that's not like the key to the process. That's just as your process becomes

more stream lined and consumer friendly and frictionless for the consumer then you just record it, right.

What was the core process of riding in a taxi cab? It was when you arrive at your destination after having whiplash how your taxi driver drove, you took out your credit card, you inserted it, you signed the slip, you hand them the slip and then you got out. And then what is the core process for Uber? When you arrive at your destination, you just open the door and close it and you're done. That became a more frictionless experience and you'd update your core process to say how you leave the car or the cab.

We are constantly updating and usually those updates are we found a way to make it more frictionless, and seamless, and eliminate steps. Because guess what happens in business. Naturally we add complexity, like, we add more steps over time and eventually… And Gino Wickman talks about this, one of the only ways to break through a ceiling in a business is to simplify, and so at every stage, as you grow from $300,000 to a million, a million to $5 million, and I haven't been there but I'm well aware of $5 million to $10 million, and then do $100 million, and then the $500 million, you just need a new level of simplicity each time. You will not grow until you find a new level of simplicity in all of your processes. So if we are ever getting stuck I say, "Okay, let's bring everyone together. Tell me all the things that we're doing that's superfluous and we are doing too much and too many steps. How can we make it simple?" The problem is we have people focusing on certain areas of the business and they add more steps

in their particular area of the business and you look at the whole business and there is like we added a thousand steps across the entire business in a given year. Well, how do we erase those thousand and make it simpler.

Lawrence: Yeah, excellent point. I know that one of the objections I've heard about this before and we can just address it now is a lot of people believe that you can't systematized high intensity training. It is so nuance and complex. I think maybe there is a certain amount of ego involved, I'm not sure, that people don't think it is possible to turn it into a process. Do you encounter those types of objections? I'm sure you probably thought a lot about that and you got a response to that, Luke.

Luke: Well, the analogies are what like wonderful classical music, right? It is not just how the music is written. I mean, someone has got to write the score. They have to write the music but you got to pick up the instrument and play it. So you need the wonderful musician to actually play the music. Beethoven can write it but you have to have the right people on the right seats of that orchestra. I know nothing about music so I may have struggled through that analogy. But like American football, right. You can call the play and the play is designed beautifully that's the core process is the play. But my goodness, it is the 11 guys running the play. And you have the most talented, athletic, adaptable athletes that when that running back takes the hand off and the play is supposed to go off tackle through the two hole and he sees something that the hole is going to be a little bit wider and he bounces it outside. Well, that's just an athlete being an

athlete. The same thing with our trainer. If you have a talented trainer, you have to let them go be talented but they work within a process or within a system just like we have a play called for that running back. The running back is still allowed to use their own talents.

And then my real specific answer, and this is not coming from a place of ego, is we've built a pretty big high intensity training business. The only thing we do is high intensity training. There is no nutrition. There is no cardio. It is just high intensity training and we've had a million trainers over time and it's all based on process and system. Believe me I felt when we started that people loved me and they love my workouts and my unique way of doing it. Our client's even said that, "I want to train with you." And I say, "I got to bet that you don't want to train with me. Try training with Kayla." And then they say after 5 workouts, "Yeah, I want to train with Kayla. Not you." That has happened so many times in my career that I just know it is true right now. I mean, I've just lived it that you can have a process and you can have a system on how all of these things are done.

You can have a process or a system and have trainers with wildly different personalities. I mean, I have introverts, and extroverts, and trainers that are 55 years old, and 23 years old, and they are loud, and they are soft spoken, and everything in between. That person can still be their human self and that's why we always talk about that it is first who. You got to hire unbelievable trainers and then you apply a process or a system, and that process or system shouldn't handcuff them. We know that creativity

increases when people have structure, like, simple studies of children on playground, right? You put a fence around a playground and bring kids in and they get more creative because they literally start making a game out of the fence. If you take that fence away and they are less creative. There are so many social science examples of that that we need a little bit of structure for our creativity to blossom. I think the same thing happens with the core process is we unlock genius when we have a little bit of system, and a little bit of structure, and a little bit of process.

By the way, we build a business that can provide a consistent experience for the consumer. I mean, the feedback that gets me going, the feedback that gets me excited is when I get emails from clients saying, "I've been to three of your studios and I've trained with 8 of your different trainers and every one of them is awesome. I can't find a trainer that I don't want to train with. The experience is the same etc." The thing that is not okay is when we have a new trainer and a client trains with them and they say, "They just didn't push me hard enough." That is not just not okay if a trainer is doing something that's not congruent with what we want the brand experience to be all about.

Lawrence: Yeah, I love that. Thank you for that. I love what you said there about… Go ahead.

Luke: Lawrence, I don't want to forget this. In our efforts to remove our self from the business. This is how we've normally done. I've been training a client

all day long for years and years and years, and now I'm ready to bring out a trainer. And so I'm going to train clients in the morning. I'll start at 6am and I'll wrap up at 4pm, and then I can have a trainer train from 4pm until whenever we are going to close at night. But what happens, there is no overlap. You leave and you finally get to relax and have a little bit of a personal life and then your trainer is training, and they are doing everything wrong, and you are actually causing more stress by having that trainer. And you just think, well, I might as well train those clients myself because less stress for me because they are not doing it right anyways. If you have that process in place, then you hold them accountable to the process. That's literally what the manager does. We are just holding people accountable to the process.

Lawrence: Absolutely. I love what you said as well about the science around when children have kind of boundaries and system that they play better. That is so true because the opposite of that is if they have no boundaries, no limitations it is chaotic which is exactly what you have in a business that doesn't have processes, right? There is so much variation. I think a lot of business owners are afraid to just see how much variation there might be in their business and as a result of that inconsistency. I don't just mean obviously high intensity training businesses. I mean all business.

Luke: We become addicted to what's been called a genius with a thousand helpers. We have wonderful people in our industry but some of us fall into the genius with a thousand helpers mentality that I want to be the answer

man. I want to know how this is actually done and you can help me in doing this. With all due respect, I don't think I'm overstating this. I think that's how Arthur Jones ran Nautilus. He was a genius with a thousand helpers. If you worked at Nautilus, you were aware there was not systems and processes and so forth. It was whatever Arthur think of that time and then we did it. Now, the beauty of Nautilus, and Nautilus was not sustainable is only around from 1971 and he sold it 1986. A wonderful 15 year run is that the people that Arthur attracted, if you are going to stick around, you had to be incredibly entrepreneurial and a self-starter yourself.

If you think about like the Kim Wood's, the Ellington Darden's, the Jim Flanagan's, I mean, they just made it happen themselves without much process. But as you add more and more… I mean, the reason, in my opinion, Nautilus struggled is that as it got bigger and bigger and bigger there wasn't process in place. You can't sustain a genius with a thousand helpers over time, which by the way, I don't think anybody wants to work in that environment, right. It is a rare leader or a rare entrepreneur that can still inspire that. People wanted to work with Arthur because he was Arthur. But Arthur is one out of a million in terms of that type of entrepreneur. I knew on my third day owning Discover Strength that nobody wanted to work for me. I could not be a genius with a thousand helpers. One, because I am not a genius and just nobody would be into that model. I had to make processes where they could be the geniuses and they could run with it. So it was truly talented people executing on systems and processes.

Process Documented FBA

Lawrence: I agree with you but I would challenge you on your opinion of yourself that… I know you are just being modest but there are plenty of people that do think you're a genius when it comes to building businesses in this space. I can tell you there's probably quite. Well, Luke, I would happily work for you. I'm just going to say it. For sure.

Luke: Well, I appreciate that comment but I know the truth and I know myself and I had that awareness early on that I could not be that guy and I had to make it about other people. I respect Arthur, like… You know this, Lawrence, anyone that's been around Arthur, the way they talk about him, they are one year with him, they are one month with him, and I spent one afternoon with him and I talk about it, he is a different kind of guy. I think we've all been enamored by Arthur Jones and we actually emulate Arthur Jones just like people in Silicon Valley emulates Steve Jobs, and sometimes they emulate the bad parts of Steve Jobs. I mean, I'm telling you we have people in our space, this is just a little bit of a tangent, that have emulated Arthur Jones' approach to how to treat people and it hasn't work for them because there is only one Arthur Jones. Like do not emulate where Arthur Jones… If you want to emulate someone on how to treat people, emulate Jim Flanagan. He knew how to treat people and he is largely, and most people give him credit for this but he probably deserves even more credit for cleaning up a lot of the messes that Arthur may have contributed to. I don't want to speak out of turn or be rude when I say

that. I just think Jim was the consonant relationship builder and maybe Arthur wasn't. But that's a tangent.

Lawrence: Yeah. No, that was a good point. I just thought we'd wrap up by talking a little bit more about Followed By All. Obviously, this assumes that you and the leadership team have created, designed all the core processes and now it's about basically getting by in from the business and then actually making sure those processes are followed. What's the best way to do that, Luke, exactly?

Luke: First of all, you have to have an awareness. Well, you're not done when the process is built. You're done when you've achieved FBA. You're like half way there when the process is built and now you say, "Okay, now, our obsession is achieving FBA." How do you that? You have to inspect what you expect. You have the process built and then you have to have systems for checking in on execution according to the process. We have to constantly inspect.

Ronald Reagan, US President in the 80s, said, "Trust but verify." And that's literally what you're doing with FBA is you trust people but you have to verify. You can't say, "Hey, here is the process. Go run it.", and you don't check in with them ever. You are constantly having systems, human systems, to see has the process actually been followed. And your constant obsession is, are we moving toward FBA? And then you could ask simple questions like as a leadership team or as your personal

trainers. Once a quarter you can say, "What percentage of the way there to FBA are we on this process?" You can put and print one of the processes. Hand them out to people and say, "What percentage are we on the way to FBA?" "Okay, we're 90%, we're 80%, we're 70%." I have all my managers just give it a 1 to 10. A 10 is absolute FBA. We couldn't execute this any better. And actually you say, "We are executing it the level of a Fortune 100 company", then it is a 10. And if it is under an 8 then you should be scheduling a meeting with your manager about how we can improve that area. It has to be some self-assessment how we're doing in each one of these areas.

Lawrence: This is a bit of connected to that and that's a bit of a meta questions how do you systematize checking the system? How would you actually put that into practice? Would you have a weekly review then where each person in the leadership team would give a number on how, like you said there, how well a given process is being followed.

Luke: Yup. You can do like a quarterly meeting where you're going to do check in on each of the processes. That's one example. Another example would be we do facility walkthroughs. A manager is going to walkthrough an entire facility and walk the entire perimeter and as they walk that perimeter they are looking for all of these different things. At the end of it, someone is getting scored on each category, alright. So that's going to be your core process around cleanliness and facility maintenance and all of that, and a piece of equipment and this repair. So that's an example. You can secret

shop whoever answers the phone. You can have someone call in and say who do they actually answer the phone.

You can be creative. There's just a million different things. You have to understand what are the parts of the process that you actually want to inspect. If the process is automated or if there is technology involved, then you got to go to the process yourself like, hey, let's go online and schedule an introductory workout and see how it works and so forth.

Lawrence: Okay. Did you have any visual to represent all of your processes in your business? Like the circle of life example in the book.

Luke: Yeah. We don't.

Lawrence: I know you have the proven process but that's just a separate process.

Luke: Yeah.

Lawrence: Okay. And you talked about there about the quarterly meeting. What about when you do have to retrain people? You know, when someone isn't following a core process, how do you go about actually getting to follow it?

Luke: Well, the thing we always tell our managers is this is your job, right. All you're trying to do is get people accountable for the process, like,

inspection around FBA is your job. It is worth saying right now that I rather have a team, I rather have a company that writes mediocre core processes and gets complete FBA than a team that's writes wonderful core processes but struggles with FBA, right? If the analogy in football, call a mediocre play and have it everybody run it well consistently than call the perfect play and you don't run it well. I can't emphasize enough how important FBA actually is.

Lawrence: Okay, that makes a lot of sense. Luke, any kind of final thoughts? You normally have some kind of like inspirational profound comment about a given section in the Traction series. Is there anymore thoughts you want to share before we wrap this one up on process?

Luke: I think that committing to developing core processes and achieving FBA the biggest issue is inertia, right. Well, I have been running this business for 8 years and kicking butt, I can't even fathom the idea of sitting down and getting it all on paper. So can you overcome the inertia is the first step. But if you do it, understand that everything that we've talked about in the series this is the one element that allows you to really grow your business. That allows your business to run outside of just you showing up and doing all the work. This is the one element that adds value beyond your business. Here's how I would frame it up. I mean, this is really what I should leave your listeners with. You have to have a mindset that six months from now you're dropping your work schedule from 40 hours a week, or 50 hours a week, or whatever it is right now, and you are only

working 10 hours a week. Okay, six months from now you're working 10 hours a week and that's mandated. Hopefully, it's not something like you're getting sick but you are just working 10 hours a week. What would you have to get in place from a systems standpoint in order for that to happen? Everything that you do every day you got to start documenting it but pick that date in the calendar. I've even talk to people about when they want to exit their business. They say, "I think I'm ready to go." I said, "No, you are not ready to go." Pick a date in the calendar 12 months out from now and you got to build the systems and processes now so that when you exit you could sell it to somebody else and it could run beyond you. Or you may find out you want to exit the business but you still want to own it and you want someone else to run it. Now, you have everything documented. The discipline of picking a date on the calendar and saying, "I can no longer show up at work anymore." You'll find a way to get it done.

Lawrence: Awesome. What a great way to wrap this one up. Luke, thank you so much again for participating in this series. I say participating for pretty much doing the entire series. I really appreciate your time.

Luke: My pleasure.