

October 2022 – Luke Carlson – How to Maximize Your Studio Earning Potential

Lawrence: Welcome everyone to the October 2022 [HIT Business Membership](#) content. Thank you for tuning into this today. We do this every single month. We tend to have, not always, but usually tend to have guests from the high intensity training niche because I want to provide you with content on personal training and business that's going to really help you grow your business and it's tailored specifically to your business.

Today, we're very lucky to have the CEO and Founder of [Discover Strength](#), [Luke Carlson](#). [Discover Strength](#), for those who don't know, although I'm sure many of you have been very familiar since they come up all the time in my content, is one of the fastest growing niche personal training businesses in the world. And very exciting is that they completely focus on high intensity training. So if you are always wondering whether or not high intensity training is a lucrative fitness concept, I think [DS](#) has done a fantastic job in terms of showing you that it really is. Related to that, today's topic is we're discussing how to maximize your studio earning potential.

Luke, just to set the scene, obviously you and I have discussed this in various podcasts and work we've done together. A couple of times you've hinted at the fact that a lot of our colleagues and business owners in high intensity training really underestimate what they can earn and potentially cap that in a number of different ways. I guess we're going to be talking about those ways today and give members some really tangible things that they can implement in their business to make sure that they are maximizing the

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upside, right? Can you speak on that a bit in terms of the underestimation that you see and whether that is still very prevalent in the conversations you have.

Luke: Lawrence, I think this comes from a place of naivety for me is that I assumed that, as we built and opened our first location in [unclear], we just focused on what I would say is a mentality of one rep, one set, one client at a time. And over time more clients came in and we did more weekly volume. We're going to refer to this multiple times. The numbers we always use are weekly volumes. You could look at a month but for us it is always a week. The weekly volume started to grow and it grew and I set higher goals. We achieve those goals and we set more goals around this weekly volume.

I think here's where the naivety came in. Then I started to learn that people didn't think that it was possible to do that many sessions. That was not even on their radar. I thought any business person would have that on their radar. You have to drive those numbers to make the economic model really, really work. I think we've underestimated what can be done in a studio. I do want to start off our conversation with the true motif of our conversation or the punch line. I mean, the punch line is the problem with most high intensity training studios is that they don't grow enough revenue because they don't train enough clients. I think that's a mindset that they are not aware of what's possible or what they should be thinking about in terms of weekly volume in the studio. That's my starting point.

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We do in our own business like we... I thought it was a big deal when we got to 500 sessions in one week and big deal when you get to a million-dollar studio. Now, if you ask my leadership team what I say over and over is we should not be opening a location unless we're convinced they can do \$2 million in revenue. Why would we open a location that can't do \$2 million? It doesn't mean it has to do \$2 million but they better have the capacity to do \$2 million. And obviously we're going to be wildly profitable far less than that. Remember, in our business model and all of our business models profits start to really take off when you grow that revenue. Early revenue that you have is just not very profitable. You become profitable when revenue continues to grow so that has to be the focus. And of course, it's an awesome focus because it involves helping more people and employing more personal trainers, and involves making a bigger impact so it's an altruistic obsession and focus.

Lawrence: One last point to tag unto the end there. It maximizes revenue and profit potential, right? I know one can still make a great living with a smaller business but you really want to move the needle there too. It's how you're going to do it.

You touched on it there one of the first major tactics which is selling more. You did a great course called [How to Build a Million-Dollar Training Gym](#) which obviously you and I sell on the website. I'll link that in the [Membership](#) thread if people are interested in learning more about that and purchasing.

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One of the big takeaways you were talking about in that course is selling more because in the beginning you have fixed costs which aren't going to change over time and increase but very marginally so, right? So if you don't grow your clients beyond the point you are obviously not going to be as profitable. Each session has a certain amount of gross margin and obviously you want to make sure that gross margin is a good percentage, a healthy percentage which we can go into. And then, obviously, as you scale that those fixed costs aren't changing so you are just adding tons more profit to the bottom line. That's the general overview of that.

Shall we just get into some of the hows? Where do you think is the best place to start here? When we're addressing earning potentials, what's the first thing for you that you think is going to be most beneficial to the members and something they can implement in their business?

Luke: The first one is quick. I think it's quick because most of your members we're already doing it. It is a concept of profit per x. When [Jim Collins](#) talks about [The Hedgehog Concept](#) – what can you be the best in the world at? He starts with what are you passionate about? What drives your economic engine? What can you be the best in the world at? Those are important questions. What can you be the best in the world at sort of drives us towards a strategic niche. What are you passionate about? I know that's a controversial topic. If you're [Scott Galloway](#) or [Cal Newport](#) you say forget passion just go on to something you're really good at. [Jim Collins](#) and [Steve Jobs](#) would say

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you've got to be passionate about it. Because you just don't want to fight through the dark days if you don't have some passion.

The key part here is what drives your economic engine? That's actually a formula and the formula is: what is your profit per x? I think in all of our businesses the profit per x that really changes things is not profit per workout, it is profit per unit of time. It is profit per hour. And so if we think about our hour, we can have one, two, or three workouts in that hour. We can really make a lot of money in a 30-minute period. I'm just saying 30 minutes because we do 30-minute workouts. If our workout is \$58 - \$65 we can easily generate \$120 in a 1-hour period. That should be our focus. So instead of just thinking about profit per workout, think about profit per unit of time. That's a starting point. If you're not generating well over \$100 in that hour, I think you have a flawed business model. So that's the starting point.

Lawrence: I'll just tag one thing unto that. Obviously, I don't know whether you're going there. But the reality is you can run, as you do, multiple 1-on-1 to small groups simultaneously so that revenue per hour is so much greater. And that's something we... I don't know whether you're coming to that.

Luke: That was #2, yeah. Now you say that, Lawrence, and you just multiply it by how many trainers you can comfortably fit in a space. Sometimes we think that maybe 1 to 2 people can be in a small studio. And you realized pretty quickly you're going to have 3, 4, 5, 6, 7 trainers in a studio very comfortably.

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It doesn't impact the client experience negatively and we can produce much higher revenue per unit of time. That's where our focus really needs to be is we need expanded hours where we're open for a long period of time and we need to maximize the revenue of each of those hours. Now, you're not going to have 6 trainers on the floor every half-hour of the day, 14 hours a day. But during your peak times you sure should be able to. Even during your non-peak times you're going to have 2, 3, 4 trainers with clients on an ongoing basis. That's the focus.

Where does this all go back to? It goes back to the decision that, hey, I'm willing to have multiple trainers on the floor which means you have to have systems and processes in place to develop trainers and develop that consistency. And then with that, you have to be okay with the fact that you have multiple trainers on the floor. If you believe that the training experience is compromised for a client if there is more than one client on the floor, then you can probably just turn this podcast episode off, right? Because you're not interested in truly growing revenue. I don't feel it's a sacrifice because I've yet to read the scientific research that says having less people around when you work out produces better results.

Now, I do think there needs to be training and development for your staff to how do you seamlessly move through a busy exercise floor and make sure the client experience is not negatively impacted. There's got to be rules for how we do not compromise the integrity of a workout in terms of order of

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exercise and so forth if it's a busy floor. I think you have to come to that mental decision. Then, the next massive decision is you better find a location that allows you to attract enough customers. It's one thing to say I'm going to have 4, 5, 6 trainers on the floor but if you're not in the right market, in the right location, you're not going to be able to achieve that. Of course, I am optimistic and I think if you do have great workouts you're going to get referrals and people are going to come in no matter what. We just know that's easier if you're in the right demographic or the right area that has the appropriate demographics, psychographic, etc. Your core customer has to be where you are. They don't have to be 2 miles from where you are but they have to be drivable from where you are.

I think the top mistakes I see from high intensity training practitioners, I don't see this from other business concepts, I see this from high intensity training practitioners specifically. High intensity training practitioners have higher IQ in my opinion in terms of exercise and training. They have an incredibly low IQ in terms of making super basic business decisions relative to the rest of the fitness industry. The rest of the fitness boutique concepts understand we have to be where our customer is. High intensity training practitioners say we have to be in a space with a cheap rent. Well, great. I don't care how cheap the rent is if there's no customers around there it doesn't matter. So \$3,000 for rent for a small studio, \$7,000, \$11,000, all of those are probably appropriate numbers depending on the market that you're in. We have leases that are \$5,000 a month and we have leases that are over \$11,000 a

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month. Those locations are all profitable. I want to say almost equally profitable because the \$11,000 the target market is there. It's an intelligent investment. Now, \$11,000 in rent makes no sense if you're having one trainer on the floor, one client, and you're planning on generating \$100,000 a year in revenue so money losing proposition obviously.

I think that the second big determination is am I in the right spot. Then we get too married to our current locations. You probably have some listeners that should be getting out of the location that they are in and moving. Or they should say I am in a process and right now I got to open wherever I could, I'm going to get a few customers, and then I'm going to make a move when I can make that move. I think maybe one of the problems is they never make that move or the original real estate that they select is so poor that they think this business model doesn't really work and I can't really get this off the ground. Where if you just drop them in a different real estate they'd be killing it and they'd say, "I'm a genius. I can't believe how good I am at this." I think they are probably unaware of where they decide to open. We hear things like, "The customers aren't just interested in what we're doing." You just picked the wrong location.

Lawrence: Yeah, great points. Thank you for that. Just to add some helpful resources. You're talking about how you manage a busy training floor with multiple trainers, multiple 1-on-1 small groups, and clients. How do you prevent things like log jams? You and I recorded a content quite a while ago now but

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it still addresses this perfectly called [How to Utilize Your Exercise Machine Lines to Maximum Profit](#). That's a great listen which I'll put in the thread to this if you want to understand how they make sure that it runs as smoothly as possible and you've got that high volume training happening on the floor.

What else was there? There was one other thing. And you said about trainer service consistency. That obviously is critical. Without that numbers really make sense. And making sure that when you get a busy training floor, trainers that are delivering consistently high quality experiences. Again, I've collaborated with yourself, your team, and other people inside the [Membership](#) to address all of that as well so I'll make sure that's linked up in the thread too.

What's next for you? What would come after the location as a really important factor? I don't know if you've got a list of bullets prepared or it's just on your head, Luke.

Luke: I think #3 is to give the right price point, good and right price structure. I think the range... And Lawrence, you can weigh in on this. I think what we hear worldwide and I'm going to use U.S. dollars. We hear for a 30-minute workout everything from \$35 for a 30-workout up to I think the highest I've heard is just under \$100 or right at \$100. That may be [Dwayne Wimmer](#) and it might be [X-Force Philadelphia](#) and [Roger Schwab](#). It might be \$90 and maybe not everybody is paying that. Maybe not everybody is paying that.

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Maybe it depends on the volume of sessions that you buy. I think that the next critical decision is we have to price right.

Now, this pricing conversation is really interesting because pricing among other things is largely a brand decision. The more expensive you make something, I think you are moving it from a branding, from a positioning standpoint toward a high end luxury product or experience. So we think about a lot of things that we look at as high end. We only look at them as high end because the way they are priced is not much different in terms of value. So we have to price accordingly. When we do that we have to make sure every other decision we make is aligned with it. We can't charge a lot of money and in my opinion deliver a mediocre workout. You can't charge a lot of money and show up in sweatpants. We can't charge a lot of money and not be intentional about the other components of the brand. That's my opinion. Now, there's examples where companies have been able to do that. I think you have to try to have some congruence across the board. I think that our third most important thing is the pricing. I'm going to suggest that a layered pricing is appropriate for most of your listeners.

We do not have all of our workouts at the same price. We have a senior exercise physiologist and an exercise physiologist. The exercise physiologist is one rate. Once you've been with us for 3 years, you've done all these internal development criteria, you've hit them, then you become a senior exercise physiologist and your price goes up. And so the customer is

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paying more but that exercise physiologist is now making more. We think that's important because if you have trainers that are with you for a long time they will have clients that will pay more money to be with them. At 3 years it seems to be about the right time where they have a loyal following. So you are again trying to maximize the previous bullet of the profit per x. We have to drive revenue per unit of time. We are realizing that we left a lot of money on the table when we had our brand new trainer charging the same amount as a trainer that has been here for 8 years and just has a following.

Now, in addition, we also make our first one month with a trainer less expensive. We call that an apprentice trainer price. We just know that in the first month you're not going to be able to provide the same experience. You are going to be learning while you work with a client. And that's okay. But it's not okay if the client is paying full price. The client will gladly say, "Yeah, I'll work with an inexperienced trainer that's learning as long as I'm not paying full price." So we have an apprentice price, that's the first month, we have the standard price, and then we have the senior exercise physiologist. I think you have to get your pricing right. I think that's a brand decision we have to be intentional about.

I think we have to also commit to continually increasing our prices so whether it is every year price hike, whether it's every 2-year price hike, we have to systematically increase our prices. Your customers might push back a little bit on this but you don't care if they push back. You only care if they

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quit, right? If you're retaining a customer... You know, the old adage is if you don't lose a few customers when you raise prices, you didn't raise them high enough. You should lose somebody. You should up price somebody. And just because someone is complaining doesn't mean they don't still see value. They just want to speak out and push back on the price a little bit. Almost everything that I buy I push back on the price. And then, once they say we can't move the price I say, "Great. I'll buy it like this", you know full price. But I just want to ask. I just want to push a little bit to start off with.

Now with that, I think the biggest tactical error that I see is that we have price increases that only impact new customers. They say, "Hey, the prices are going to stay the same if you've been with me in the past. Price increases apply to new customers." Well, to me that makes absolutely no sense because you have a lot of existing customers. You have very few new customers. Hopefully, you will have more. You're not going to see a substantial increase in your revenue unless you apply that price increase to everybody. The second reason it makes no sense is you're basically subsidizing the fact that your current customers are not paying enough by charging your new customers more. I just hate that. I think the price to me has to go up for everyone. That's my opinion. I have plenty of friends and really good operators that only apply price increases to new customers. I think that's a poor decision.

Lawrence: And just quickly... Go ahead.

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Luke: I was just going to say that was all things pricing.

Lawrence: That was great. Again, there's lots of supplementary resources for this one. There's a great content that you and I did again a while back on How to Increase Prices. It's one of my favorite bits of [Membership](#) content that I've listened to, probably 10x. So that really walks the member through how exactly to increase prices and how you guys do it. Can you elaborate briefly, Luke, I know there's something you spoke about which is for completeness here. Can you just mention three points on how someone actually sets their price? And you talked about brands but I wonder if you can give someone a little checklist like how they can... Because pricing is such a subjective thing. [Dan Sullivan](#) I remember listening to a podcast you sent me where he said, "Just find a price point that scares you and then add 20%." That's so funny because that can't/can work very well. But what do you think in terms of a short checklist to how someone can actually set their price for personal training.

Luke: My checklist is going to be one bullet: do not look at what other competitors are doing and then do the midpoint of all your competitors. That's the one point checklist. You have to decide what works for your economic model and from there it is unscientific in my opinion as what you just said, the price point that scares you then add 20%. I think we struggle with this because what our target market finds valuable and what they can afford most of us can't afford so we don't understand why someone would pay for that. We

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know how to work out ourselves. I could do this by myself where our target market cannot and will not. We're bad at understanding. That was tangential.

My one bullet would be: do not look at what the rest of the market is doing and be right in between. I think you have to decide what you want to work for your economic model and stick to it and then relate it to that. We believe in never discounting the price so the price is the price is the price is the price. And you should not have sales and discounts. We've always believed that but we've snuck in a few discounts and say [unclear] over the years. In the U.S. we do like Black Friday sale which is the sale day after thanksgiving. We've got rid of all of that. WE just don't do discounts on price ever because we think it damages the brand. Anytime you're on a sale you are teaching your customer the main reason you should do business with us is that we're less expensive. I rather keep the price high and say, "The main reason you should do business with us is because we provide tremendous value."

Lawrence: This is just a very quick anecdote for myself. When we started our business my business partner and I decided on €60 per session which is more than our competition. I had some conflict with that, Luke, because I remember you saying to me, "Another good method is..." Although, I know maybe you don't believe this anymore, this might conflict with your previous statement, which is to look at the competition. Undercut them slightly but then you're beating them because you've got the 2x advantage of doing two sessions

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per hour. And you are doing 30-minutes then you're less than. So if the customer does that comparison you can explain that you're giving them time back and explain that whole story.

Luke: Yeah, I believe that. I think that probably makes sense. I just wouldn't look at it if you have 2-3 other high intensity training practitioners that you either know, they are in your market and you say, "Well, this guy is charging \$40. This guy is charging \$50." Probably 45 is the sweet spot. I don't think that's the best way to do it.

Let's be clear. We talk about this being so incredibly important. If you land somewhere between \$40 and \$80 in a half hour, I think you're going to be successful. As long as you're controlling your gross margin and you're paying people based off of a percentage of that revenue, you can be successful. I don't think this is a critical mistake. I just think it's the branding decision that we have to commit to building everything else around it.

Lawrence: I mean, just to expand on the anecdote very briefly. It's funny because Shawn and I come from different positions financially. Obviously, Shawn, my business partner, is very successful. €60 to him is very different than it is to me. So €60 for those listening is probably about, the exchange rate right now is probably 1:1 with the U.S. dollar based on currencies right now so it's probably similar. Maybe it's \$65 or \$70. I don't know. Anyway, I was nervous about that price point. And as you've taught me, when someone comes in

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and says, “That’s too expensive.” The mindset is, “Well, we didn’t build it for you.” But it is still hard in the beginning when you’re getting those types of responses but you’d do get it at times. But I knew talking to you and having that experience that I knew that, “Okay, well, I understand this person’s income level and demographic. Maybe he isn’t the right fit.” And then as soon as we obviously started talking to the right people they didn’t even botch an eyelid, the session price. It is still sometimes difficult for me to sync how they can justify €500 a month for 8x a month. But these people are earning multiple 6-figure salaries and they value their time so much.

Without going on tangent too much the real aha moment for me because even some of our team would be nervous about our price point as I would say. Well, yeah. But look at Ellaine. She’s been with us for 100 sessions. And she’s paid this every single month and never complained. Is that a validation right there? Like we’ve all got enough clients who have paid this amount. If anything you pay perhaps too cheap, right? Anything we could actually charge more and it would go unchanged, right? That was a validation for me to realize we’re spot on with pricing or we’re definitely not too high. And it’s just about delivering great workouts, great experiences which we’ve been working really hard to do. That’s just my learning around that and I thought that might be helpful to bring that to this conversation as well.

Luke: I do think it’s valuable to pay attention to what’s going on in the rest of the market. I like to understand what messages are going for in your market.

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What are restaurants charging? How are they handling increases in prices? What are other service industries doing? What are top accountants doing? What are attorneys doing? We've always looked at our business not as a gym but as a professional services firm.

I was looking for an attorney to do a special piece of work for us and I was looking for a referral. And someone said, "You can use this firm. They are going to do it right. They have tremendous experience. They are \$500 an hour. Or you can use this firm. They are \$1,000 an hour. Here's why?" And you can work through that decision. I love thinking about that and reflecting upon that. Thinking about how I think about those brands and this decision and how I think about how our customers make a decision on what they think about our pricing. Have we positioned ourselves as being experts, as being a luxury brand? And a luxury brand doesn't mean we are high touch in terms of customer service. It means we are providing significant value.

I think we can look at other industries and other businesses and draw some inspiration. I just don't think we should look at whatever other high intensity training practitioners are doing and mirroring their exact pricing.

Lawrence: Got it. Okay. Thank you. What would be the next point for you? Does anything else come to mind in terms of maximizing earning potential?

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Luke: So maximizing earning potential. I think we're through three key bullets right now. The next one would be... You're going to get sick of me saying this is being on an auto pay payment plan. So get away from 10 packs if you're doing 10 packs or 20 packs. I just don't believe... It is just more than you with those. It's more than you as a trainer which you already made that assumption. I just don't believe that you actually want to have a profitable business. You have to have people on recurring revenue 4, 6, 8, whatever you think is appropriate times per month rather than sessions. When I do a session on a 10-pack, you don't know when I'm going to come back in. You don't know when I'm actually going to deliver revenue again. Technically, revenue is when the session is delivered. So you can sell me a 10-pack and you have the cash but you don't know if that actual revenue production is going to be spread out over many, many, many weeks or months or what it is.

We have a client that we train once per week 52 weeks per year. In almost all cases they are training about 41x per year and we're just missing a tremendous amount of revenue. Our businesses are worth less which I know is not our topic. Our topic is how to actually drive revenue. I think we drive revenue by getting people on that auto pay.

Lawrence: That's the downside of having a 10-pack in use. Isn't it? They might take a long time to use that 10-pack. Some people almost see that as monthly recurring revenue but it is not quite the same as someone paying on a

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monthly basis, 4x a month, and then having sessions rolled or not rolled. But just committing to that, right?

Luke: Yeah, monthly recurring revenue or whatsoever. It's a session on valuation of if you're going to sell a franchise unit or sell a business, how do you value it? If there's recurring revenue it is valued so much more than if you're doing 1 off sessions. That's why this idea of franchise that's a burrito quick serve restaurant which there's not as much value there is if it's a concept like ours that has recurring revenue to it. You don't know when that next customer is coming in to buy a burrito. When we have someone on recurring revenue we have this consistent revenue base so that has to be our focus.

Of course, the push back to all of this is always, and you've heard Lawrence say, "Well, my customers don't want that." Of course they want that. They want to pay the least amount of money in a month and then they can pay again next month and next month. They don't want to give you hundreds and hundreds and hundreds of dollars upfront. They don't want you to sit on that money. That's a horrible investment for them. It's not in their best interest. And then everything else they purchase is on recurring payments so I don't know why their fitness would be any different. Of course we have to probably be skilled enough to be able to explain those things to them but we have virtually no push back to it.

Lawrence: Yeah, I know so many of our colleagues are doing it this way now. There's rarely much push back it seems. It seems clients are happy once they have

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an intellectual understanding of how it works and why it's better for them. I'm doing alright so far, Luke. I had all my bullets here which just so happen to align with what you said aside from location. That's the only one I didn't put here. I didn't think of that one. Obviously that's obvious now.

I wonder if you could spend a couple of minutes. I know I talked about selling more. But do you want to elaborate on that? I think you described it so much better than me in terms of why that's another thing I guess our colleagues should be focused on. You talked about capacity but maybe elaborate on the actual accounting side of it in terms of the gross margin and that side of things. I know you spoke about that in the course if that makes sense.

Luke: Yeah, I mean, this is so boring but it is so incredibly important. I'm embarrassed that I don't think I probably fully understood it until I was 34 years old. The revenue that comes in so let's say a dollar comes in maybe a percent of it is going to go to pay yourself or pay the trainer. You have your labor cost. Well, the rest of it goes to cover all of your fixed expenses and that's your rent, that's your utilities. That's the things that are going to be there whether a customer comes in or not. They are not variable. And those are decent size expenses so you just continue to chip away those every session that comes in. And you find yourself saying, "Man, this is just not very profitable. I'm working with all these clients and we just don't seem to be making any more money."

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Those are the things that my leadership team used to sit around and say, “Man, it’s just hard to make a profit.” And then, I told you this before, we went through a 1-year period of transition where my leadership looked at me and said, “How come it’s so easy to make money now?” How come we’re so profitable? Well, it’s because we have hit that level where all of our fixed costs were covered. And so now you’ve paid, I’m just going to make up a percentage, 42% to your trainer and the remaining percentage which is 58%. Your remaining 58% that is going where? That is going directly to the bottom line. So when you are dropping nothing to the bottom line before or let’s say you’re very [Mike Michalowicz](#) and you’re paying yourself first, let’s say you’re dropping 15 cents to the bottom line so you have 15% profit margin which is a healthy profit margin, now you are dropping 58% to the bottom line. 58 cents in this case over and over and over and over and over and that profit starts to build really quickly. The reason you want to sell more is... It’s like gravy. You have to hit the threshold number of clients where you’ve covered fixed expenses. All of your revenue after that becomes wildly profitable revenue. You add 50 more clients, or 100 more clients, or 200 more sessions. Those second 200 sessions are so much more profitable than your first 200 sessions. I think we just have to have an awareness of that and be able to model that and understand this is where it starts to get really good.

I would say we’re doing in our studios now, we’re doing profit margins that we just never would have thought were possible and it’s only because our

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sales are driven. You cannot save your way to profitability. The answer is not cut your expenses because my goodness high intensity training business doesn't have that much in the way of expenses. Do not say, "I've got to find a way to make my rent from \$7,000 down to \$5,000." Okay, great, you've saved \$24,000 for the entire year by doing that. What if you focused more on growing your topline \$600,000 which of course is very, very realistic to do. And if we set a huge percentage to that almost 60% of it is going to the bottom line. You can't save your way to profitability. You have to sell your way to profitability.

Lawrence: Fantastic. I'm obviously going to wrap up in a moment and summarize what you said. But just look at the clock. Is there anything burning, Luke, that you think is another vital point for this that is mentioned here.

Luke: This is the most important point. Everything we talked about is built around the quality of a session. I mean, if you're not focused on the quality of the session you can forget all these other things. Frankly, you can listen to this and say, "Oh, I intellectually understand all these things. If I think I'm in the right real estate, I'll just mentally park the rest of these things and I'm going to focus on the quality of a session and the customer experience, and is the workout referable, is it a remarkable workout, are there talk triggers, is the intensity right, is the experience safe?" All the things you define as being this exceptional workout a world-class workout because that's how we build the business as world-class workouts. So your tactical focus is on the quality of

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the workout. You don't sit and daydream about these other things. You have an awareness of these other things and then the world-class workout one rep, one set, one client at a time drives all of these.

Lawrence: Got it. Thank you. So to just summarize very briefly. Point #1 you're going to think about maximizing revenue potential in your studio by thinking about revenue per unit of time and maximizing the revenue per hour. And we talked about how you do that through multiple 1-on-1 and small groups in that hour. And then maximizing service availability through ensuring that you are open for as many hours as possible during the week and that's why it's important to hire that team to enable that. And then underpinned or equally important if not more important is what you just alluded to there which is trainer service consistency, delivering world-class workouts, ensuring you have the systems onboarding the development to ensure that trainers are doing that. Again, I'll link up content regarding the systems around that in the [Membership](#).

The next thing you touched on is the importance of location. Having a great location which attracts enough customers and so in an area where your target market is nearby or within a commuting distance. And then that's going to obviously make referrals that much easier as well.

Then bullet #3 pricing. Again, we've got content on how to increase prices. That probably helps members actually figure out about setting prices. But

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you talked about somewhere between \$40 and \$80 is probably appropriate. There is really no hard-and-fast rule. You want to align it with the brand. Maybe the price point is what scares you plus 20%. And again making sure you've got a process in place to always be raising prices over time.

And then lastly, #4, selling more. I know you mentioned there looking at just a single dollar, a percentage of that is going to labor: your cost, your trainer's cost, and then fixed expenses. Until you pass that threshold where your fixed expenses are covered and then revenue becomes wildly profitable as you put it. If you've got a good profit margin, so 50% or over just for example, all of that profit is going to go straight to the bottom line once you pass that threshold.

And then I guess wrap it all up I talked about trainer service consistency but I know that you harp on about that being the thing, the most important thing to really focus on the service and don't want to water down the importance of the customer experience and the workout quality by highlighting these other things which is why I say that a second time.

Luke, thank you so much for taking the time. If people want to learn more about you it is discoverstrength.com and the franchise is discoverstrengthfranchise.com. Is that the website?

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Luke: Yeah, you got it. And the third, our conference. We are announcing dates of the conference, the [Resistance Exercise Conference](#), is Saturday, March 11th.

Lawrence: Okay, great. Saturday, March 11th, 2023 is the date of the conference.

Luke: Right.

Lawrence: Can you say any more than that or details?

Luke: Yeah, we have all the details coming out in the next couple of days. We have great keynote speakers. It's going to be a great event, [JW Marriott](#) connected to the [Mall of America](#) which we've done there in the past a few times.

Lawrence: I'm very likely to be there. Certainly hope I am. It's good to be there. I was going to ask you about that so thanks for bringing that up. For those also interested, Luke and his team have produced courses and we're selling them through the website through highintensitybusiness.com. One I've already mentioned is [How to Build a Million-Dollar Training Gym](#) and there's a few other courses as well on leadership and upgrading meetings and so on and so forth. You can see that over on highintensitybusiness.com/products I believe. But I'll also link it in the [Membership](#) thread for this as well.

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Luke, thanks so much for taking the time. I'm always just so on it and so grateful. Well, you always made the time for me which I really appreciate. But I completely appreciate that your time has become more and more valuable and it has become challenging to do these things probably.

For everyone listening, this is obviously recorded so you can consume it long-term in the future. Thank you so much for being a member. Yeah, thanks again, Luke. I really, really appreciate it and look forward to catching up with you soon.

Luke: Lawrence, my pleasure and I appreciate all the content you create so keep up the great work that you're doing.

Lawrence: I really appreciate it. Alright, Luke, take care. Have a great day.

Luke: Thank you. Take care.

Lawrence: Thanks.