



Masterclass and Live Q&A with Katie Santos – High-Intensity HR (September 2024)

Note: the recording for this Masterclass was started with a slight delay.

Katie Santos: ... our culture knew why we were working the way that we were now that we've lost half that half.

Lawrence Neal: Yeah.

Katie Santos: We put this together to make sure that in the event that some tragedy or even just some hassle happened, we were able to make sure that the business had some continuity. So that's what my work and this presentation is about.

And when I say *sell your vision*, we all know we have to sell to our clients. We know all the steps we have to do to get them on board and to keep them with us, retain them for the long term. I would argue that the same thing has to happen when you're bringing people on board into your studio. So, there's some components we're going to talk about, how to do that, including what you need to watch out for, what the hurdles are, what the regulations are, and that sort of thing.

I will be frank — this takes some work up front and I'm going to tell you how we did it. You can take what you want.

Maybe you've done a lot of this work already, right? So, what we're talking about to start with is finding out guiding principles to build a strong culture and using those principles and your objectives to market to the right people that will fit correctly into your studio.

I know my friend Luke Carlson talks about that all the time: you need them to buy into what it is that you do. So, not only that, you need to ask the right questions to really suss out who those people are and whether they truly fit what you do.

So, full disclosure, we are focusing on employees rather than contractors, and for a couple of reasons.

Number one is compliance. In most places in the U. S. – and it's not just California, but something like 32 other states – have regulations that are similar, and more are going to follow, depending on what happens in November.



Lawrence Neal: What's happening in November? Oh, sorry, the elections. Sorry, that's small detail.

Katie Santos: Yeah. Bless you. You don't have to deal with it.

Lawrence Neal: We do in a way. Not going to affect... but go ahead.

Katie Santos: Yeah, the reality is it's probably going to happen anyway. The rise of unions and union adoration are really driving this, but without getting too into the weeds, the other reason is that you can't really direct people that are contractors — they come in, they train, they make their money, they leave.

You want to be able to direct the people to train how you want them to train and to live the culture that you have in your studio. And laws change and rules change, depending on if you're in the U. S., what agency might be looking at you.

So, we have the Equal Opportunity Commission, we have the National Labor Relations Board, we have State Commissions and Entities — all of them have a different vibe and a different reason for coming to look at you. So, that's what we're dealing with today when we talk about all this.

So, the thing to think about is *when do you need help?*

And I would argue that there are several reasons, but number one is you're turning business away.

Maybe important tasks in your gym are getting dropped because you're training a lot. Maybe you have the budget, and you realize, “Hey, I can fill that role. I've been wanting to fill...” whatever it is, whether it's a trainer or social media or marketing person, but it's important to do this work *before* you burn out.

And I'm a big fan of making sure that you're hiring all the time. You've got a page on your website that says we're hiring. And a question I get a lot is what if I'm not hiring *at that moment...*? And someone applies? All you need to do is reach out to them and say, “Listen, I don't have a role right now, but your resume and your skills look really good. I'd like to keep your information on file because something may open in the next month or two, or maybe six months.”



You get buy-in from that person. You've got a stack, hopefully, of resumes when you're ready to pull the trigger and bring someone in.

So, before you hire, we talk about culture, we talk about mission statement, all that sort of thing.

I'm a big fan of really defining objectives and principles. And if you heard the podcast, we talked about this a little bit.

Objectives are the things that face outward to the client and what they tell the client that you will and won't do and will and won't be for them. There are things like we make sure that we hire only the most educated trainers that we can find.

We make sure that if we dispense nutrition advice that we're certified in it. We make sure that if a new modality or a new piece of equipment comes along, we really vet it before we bring it in. So those are the sort of things that you look at for your customer.

Objectives, or sorry, principles are what face inward and they cover the gray areas where you don't want to write out a policy or procedure.

I can think about, "I don't want to write a procedure that says each dumbbell must be placed in the rack where it says 15 pounds or 30 pounds," or whatever. I want to say, "Keep it clean and serene." So, then my teachers know, "Oh, hey, if there's stuff laying around on the ground, it's my responsibility to pick it up, even if I didn't leave it there," right?

So, those two things together help you make business decisions and hiring decisions really easily. When you make a business decision about buying new equipment, does it feed into what you're telling the client? And when you make a decision about bringing somebody on board, do they fit those principles that you've written out?

So, I have some prompts that actually I'll forward on to Lawrence. You can use them. I've got actually a bigger document about that, Lawrence. I'll send that to you afterwards.

Lawrence Neal: Thank you. That's great.

Katie Santos: Yeah. But they really help, and the number of these things are I had about 20 objectives and about 15 principles that faced into the studio.



The cool thing is we posted them all over the studio. Everybody saw them and could see [and] read them, knew what they were about, but we also used them for social media.

So, on those days when you're like, I don't know what I want to post. You can pull one of those out and expand on it a little bit. So, these are examples of what we had at my studio.

The highest goal was to guide clients to move better. So, anything that didn't fit into that didn't come through our doors. So, if somebody wanted to sell us a new protein powder, it doesn't fit our goal of helping clients move better as we saw it, so it was an easy "no".

We select staff who are willing to learn and collaborate with us. We abide by our certification scope of practice and code of ethics. That means we didn't harm our clients, right? We run our business on documented systems and procedures.

So, when I had a staff persons think, "Oh, how am I going to get a sub or how do I take vacation?" Dude, it's documented. There's a procedure. Go look in the book, right?

Our selection of methods and equipment have to stand up to our criteria. Like I mentioned earlier, *keep it clean and serene*. Unicorns were welcome. So, if people had different points of views or they were neurodiverse or they were differently abled, they were welcome in our studio.

I was a big proponent of people speaking professionally, something that drives me crazy is the now we're gonna and so and all those kind of discourse markers. So, I used my 8 year old grandsons. That's a *no go*. So, we're a service business, meaning we serve our clients and we serve our staff.

So, everything we say and do fits into that. Being up front means, you made a mistake, be up front about it. We'll deal with it. We'll work on it together. It doesn't mean you're going to let go. Everybody's willingness to make mistakes means we innovated a little bit more than typical.

So, all of these lead into the job description.

And again, remember, we're talking about employees, right? Everything that you do with a specific role and the person that's in that role lives in this job description. Everything from how you interview for them, how you review them, how you correct behavior if they're having problems, and how you offboard them if you need to, right?



So, it makes all of these expectations really clear to the people that you're bringing on board.

This is key.

If you have no other documents, this is something you've got to have. So, then you take that document along with some other ones we'll talk about, and you use that to market your vision and your culture to the people that you want to have in your studio.

It used to be that you could sit back, and people would look for a job and maybe realize how awesome you are, and they would come asking to work for you because you're so great. And that may be the case with some people. Overall, I would say now we have to step forward just like we do looking for clients.

We've got to step out and tell the business story, describe what the role is. Show those people a day in the life, what it's like to work in your studio, show them why they should want to come to work for you, why it's valuable.

I just read some information the other day about the younger people that are looking for work right now. They want culture and they want to be sold. And I think I've got some stats in here, right? 14 seconds. It's what an applicant looks at a post. That's how long. So, you've got to grab them. And that used to be before the pandemic. It was about 21 seconds, something like that, if I remember right. So, we all know we have shorter attention spans than we used to.

The other 61 percent want to see a salary in a job posting. And this is where a lot of people get tripped up. They're like if I put a salary out there, they're either going to say that's not enough or whoa, that's really a lot. And I'm going to draw in people that don't have the qualifications, but it's really about setting a range, and the range needs to be reasonable. And this is something that in some states is a law that you have to post a salary range.

And for us, we had different levels of trainers in our studio. I made it clear that the youngest trainers that were newly certified came in at this level. The more experienced teachers had been working for as long as I had came in at another level.

But if I was hiring only a younger trainer or an intern, I use that range. If I knew I needed to make sure I had somebody with great experience, I'd put that range in it. It creates equity. It weeds out



people that aren't looking seriously. And I think it just... it's going to give you more appeal on the market.

There're still some really big gyms that aren't posting their salary or they're posting it... I saw a posting for a really good-sized gym that everybody knows. And it was for a trainer and the salary was between \$10 and \$45 an hour. And I was like, "Okay, really? \$10? I don't think I'm going to walk in that door."

So, another thing that trips you up is *where* to post.

And again, in this same thing that I read the other day, people are finding a lot of success in making sure that they look at the people that are in their classes, especially the younger ones who are coming three and four times a week, maybe to your studio.

Those are the people that are invested in movement. They value taking care of themselves. They could be good candidates for you to bring in to [HITuni](#) and make trainers later on, right? Maybe they've got jobs that they've... they graduated with *this* degree and they feel they have to follow *that* degree and they can't stand sitting at a desk anymore — draw those people into you.

So, utilize the staff that you have and the clients that you have. I would argue that you don't have to [incentivize] your clients because they already are bought into you, but you can [incentivize] your staff.

And for us, we would pay — I can't remember exactly what, but I think we paid a hundred dollars — if somebody went through the interview process and stuck with us, got hired and stuck [around] for three months. At the end of a year, they got another stipend on top of that, right?

Nontraditional job boards — so, there's a big movement for veterans.

There's a... I can't remember the name, but on Instagram, I think it's [Hire-a-Vet](#)...? They're always doing job fairs and they're always looking for people to come on board with them in their Zoom meetings and say, "Hey, I've got work at my studio and I'm willing to bring in veterans or veteran spouses to my work."

I think those are great places.



[Hire My Mom](#) is a really good place to find an admin person, a desk person, social media.

Lawrence, you and I talked about this: I think stocking people that you respect that are posting workouts, either on YouTube or Instagram or tick tock or wherever... some of those people are pretty tired of doing that stuff in their living room, and they want to come to a gym.

And then, one of my best hires was a barista in a coffee shop, ended up being an awesome front desk person. I watched this person for a year, and I saw them interacting with regulars and not regulars, and I just really liked their jam, and they ended up to be really a good hire.

So, once you've done all this marketing and you've got some leads... and this is the time where you want to really make sure that you're interviewing for fit, and you develop a process that's equitable in the way that you present or present your questions.

The questions need to be the same for everybody, and you need to watch out for questions that can get you into a little bit of trouble, right?

“Do you drive?”

“Do you have a family?”

“Are you planning on having kids?”

“Do you work somewhere else?”

You want to stay focused on the tasks and the skills that you need for the role.

And one of my favorite questions is to ask people, “How do you think this role fits into the success of this business?”

So, we've been asking this of... especially managers that I'm helping studios interview, and when I asked that, I really get some amazing responses in the feedback.

That can't be just rote. They're so open ended that the person really has to think about, “Gee, how does a manager fit into a studio?” Or, “How does a lead trainer fit into a studio?”



Lawrence Neal: I love the way you said that one, because I've heard it said another way, which is, "How do you help us make more money?"

Which maybe is a little bit more blunt, I don't know. But it's a very quick way of understanding if they know how they're going to provide value.

Katie Santos: Right. But I also want them to not just fixate on the money part; I want them to be a little bit innovative in their thinking, or maybe a lot more innovative and in their thinking of how new programs can help the studio or new ideas and workshops or retreats or things like that.

Lawrence Neal: But all those things help us make more money, right?

Katie Santos: Yeah.

Lawrence Neal: Bottom line is maybe the way you say it gets [a] better, reaction, but it's a very good point.

Katie Santos: Yeah.

Lawrence Neal: This is great by the way, Katie. I really, I'm really enjoying this.

Katie Santos: Open-ended questions are really the most important things to ask. You don't want those "yes" or "no" things.

I'm also a fan of setting up a similar campaign for your interview process that you do for your clients.

So, when someone applies with us, we send them an email: "Hey, thanks. Your interview is scheduled for this time. Park here. Dress this way" — I know I'm spoon feeding a little bit, but it makes them more comfortable when they walk into the studio, right?

Make sure that you're showcasing any perks or benefits that you offer — perks being free gym membership, benefit being health coverage or 401k. Display your career opportunities, right?

So, there's got to be growth. Even the front desk person may, at some point, want to become a trainer, go through [HITuni](#) and [come] out the other side, right?



Importantly, don't ghost your prospects.

So, decide whether you're going to have them, let them know if you're not going to bring them in and maybe give them the *why*.

And if you liked them, invite them to reapply when they have the skills or the certifications that you're looking for.

If you decide to keep them, send them a good offer letter that states the salary, the starting date, includes the handbook, the manual, the job description, and make that time-bound.

So, if I'm sending it out to you on a Wednesday, I'd like you to give me an acceptance or rejection by the very latest Monday, if not Friday, right?

Lawrence Neal: It never ceases to amaze me how many organizations ghost applicants. It's so bad because the negative word of mouth is very evident after something like that.

Katie Santos: Yeah. I had a niece in Canada apply for 40 different jobs, 30 of which just didn't even respond at all that they, "Oh yeah, we got your resume." That's it. And she is qualified. She's not a ding-a-ling. But the place that she ended up working actually was the most responsive.

So, onboarding — you want to make sure that you're on top of people all the way through their onboarding process.

I like a 3-month [onboarding], depending on the role. It can be more or less. But you're listening, you're watching, and you're getting feedback from every single hire that you bring on board to just keep modifying and adjusting that onboarding process and refining it where you need to. When the onboarding is done, don't ghost them then either, right?

You just get to the end of your three months or whatever, and then don't talk to him again for a year — not cool.

So, we want to make sure... I'm going to back up one second. We want to make sure that we're following these people and doing reviews regularly. And that means conversations with people, maybe every week or every two weeks, even if it's a 5 or 10 minutes, or grab you in the staff room or "let's go have coffee", something like that.



You've got to keep your finger on the pulse of what's happening in your business, so you don't run into, like, some angst in the staff room going on that you don't know about.

Anything that's happening in the studio is because you're letting it happen, whether it's good or bad. So, I will stop sharing and we can talk.

Lawrence Neal: Awesome. Katie, that was amazing! Just the perfect length.

Cool. Some great information, I really appreciate that. Thank you for being so much better prepared than I was!

Lawrence Neal: So, we'll do questions. I've got some submitted, got James on the call. If you've got any questions, James does know...

You can... I can let you talk or whatever you want to do. I'll actually, kick off a question that was submitted here while James is thinking about what he wants to do there. This is a bit of a sensitive one. And the names will remain anonymous. Yeah. But this person said it's a difficult one.

I'm sure you've seen it all before, Katie, but anyway. I have a guy – so this is in the US, I can't remember which state – Okay. I have a guy who came in a few months back. He's very well connected in the community, so he has a bit of clout – the community being the HIT community, I assume – he's also super manipulative and a passive-aggressive bully.

He's been passively bullying one of my trainers. The trainer is not offended at all because he can see through it, but as the owner, I don't want that happening. I did some digging on this guy, and it came to my attention that he is a registered sex offender, which he did not disclose. He's not around any kids, but I'm connected to the martial arts studio where I have kids' classes, but he's not there any time near the classes.

Here's the question: How do I handle this without opening up a lawsuit? Should I contact my attorney before I do anything?

So, this is a trainer, sorry, I think.



Katie Santos: Yeah, okay, gotcha. He's not the trainer, he's not the owner. Oh, this is a trainer doing it? And the owner is...?

Lawrence Neal: Yeah, the question's from the owner and the offender is the trainer.

Katie Santos: Got it.

Lawrence Neal: Yeah.

Katie Santos: Here's what happened with us. And it was... it led us to do background checks afterwards, and we had something similar. Sadly, it was a male. I don't remember that we found out if they were actually an offender or not, and that's not something that you can ask, but you certainly when you do a background check with permission, you can find out, right?

And that can be a *no-go*. I would argue that it doesn't hurt for you to get the eyes of an employment attorney on this. [Fisher Phillips](#) has several offices around the country, and they are more representative of employers rather than employees. So, you might reach out to them. I would say that because of the personalized nature of our work.

You need to make sure that everybody is safe in there, and they are not safe when somebody obviously is demonstrating behavior that has already led to a problem in the past, right? The passive-aggressive stuff to me doesn't fit culture, like, for my studio, so that would be a something that would get 'em out to begin with.

It's really important that you document what's happening every time it happens, and here's what it looks like: If you let him go without this documentation, they could argue that you had no reason to discharge them.

But if you document, even in an at-will state, you've got to document if you step forward to them and say, "hey, this behavior..." – I'm not saying "you" – "this behavior is something that is problematic. It doesn't suit the culture. I want to talk to you about it. And let's come to a conclusion about whether you can correct, whether this can be corrected or not." So, I'm trying as best I can to leave that kind of accusatory word of "you" out of it.

Once you have that conversation with them, go to your email and say, "Hey, trainer, today we discussed the behavior that was demonstrated on..." and give the date. "And here is why the..."



– demonstrate the behavior was problematic – “If you have anything to add or correct about this...” 24 hours. If they don't respond, that means that's implied consent, essentially.

So, do that at least a couple, three times, and stay on it. If the behavior continues, then you have an easy out.

Remember, I talked about in the presentation that you've got to have documents to point to.

So, the handbook that has all the *legalese* and maybe some of the *culture speak* in there and the job description and the onboarding documents – in the studio manual, right? Your mission statement, your objectives, whatever they are – all of those should encompass those behaviors that you want that person to model. So that should be an easy out.

Now, going forward, if you do these background checks – which I recommend, especially male trainers working with females later in the evening, that sort of thing in the studio by themselves – if you do a background check, you've got to do it for everybody.

So, that doesn't mean the people that are currently on staff, but anybody else you bring on board, you have to do these background checks. And they're not hard. There's lots of agencies. I think [TruCheck](#) is one of them. There's a couple of them that are pretty cheap. It's \$15 or something like that, maybe \$30 each time. So, it's not a big deal.

And you can't find out things like password comp claims, but you can certainly find out criminal behavior. And if it ties directly to the role, if they got arrested for passing bad checks or stealing money, and they're on the front desk and they're dealing with credit cards, not a good match.

Lawrence Neal: Yeah, absolutely.

Katie Santos: I'd love to follow up if you need any help.

Lawrence Neal: Thank you. That was a very thorough answer. James has a question... could be completely unrelated. Which is fine, James. So, James is... going to let you talk first, okay? Here we go. James, you're on. Just going to unmute yourself, there you go.

Katie Santos: You had it on mute.



Lawrence Neal: James is in the UK, by the way.

James Brown: Can you hear me now?

Lawrence Neal: We can hear you.

James Brown: Great, thanks. Yeah, like Lawrence was saying, Kate, really good, fabulous content at the start.

This question's about something like continuous personal development, my skill development – I'm trying to work out how to pay my first ever hire and how much to pay them.

I'm curious: what's a reasonable or a starting point for the professional development time?

So, I need to pay that as well. So, do I need to dilute the hourly rate? In terms of revenue, what can you say about that, please?

Katie Santos: Yeah, I know we... a lot of people get caught up in the, "Oh, I'm paying \$45 for a training session. Do I have to pay him 45 for everything?" And you don't, right?

So, here in the US, when we were bringing somebody on board, it was right around minimum wage. So, for us back then, it was \$14, \$15. So, I don't know if there's an established minimum wage in the UK. But you can consider that the admin rates, so to speak.

So, whatever it is, you're using it for, the training time, whether they're watching videos or studying and all that, you're using it for meeting time. You're using it. If they happen to do some client service, things like that. So, we full disclosure, we had nine different pay rates for almost everybody in the studio.

So, it was admin. And it was single personal training. It was classes, it was duets, it was workshops, it went on and on. So, you can establish those different rates.

The – I'm just going to do an aside for US people; I don't know how it works in the UK – but if you have to do sick pay, or if you're doing vacation pay, you need to establish a regular rate of pay, which means it's an average of all of those rates.



You would take, like, total compensation for a 90-day period divided by the number of hours that they were doing in your studio in those different rates, and then establish that regular rate of pay. Does that help, James?

James Brown: Yeah, brilliant. Yeah, that makes a lot of sense. Thank you.

Katie Santos: Yeah, and then when you're bringing them on board – my kind of guidebook was for somebody that's brand new, because they needed more handholding – I wanted to make – I, being the studio – wanted to make 60%. If they had more experience, I wanted to make sure I made 50%. If they were really, experienced, I wanted to make sure I made 40%. So that was just our guideline.

James Brown: Yeah, I was almost going to ask that, but that's helpful.

Lawrence Neal: James, do you have any questions on that?

Actually, to further clarify, if you were going to ask that, is there anything coming to mind?

James Brown: No, I know how much I charge, so it's really easy from there to just work back isn't it? What sort of break to make? And also, I'm planning on buying... I'm planning on hiring someone unskilled and then paying them to go through [HITuni](#) and shadow sessions. So, I probably... they would understand I'm going to pay them less per hour, but I *will* pay them for that time.

Katie Santos: Yeah, as long as you're, being up front with them from the beginning.

I'm going to let me share this... Okay. Come on... I'm going to share something really quick. And this was our guideline. Can you... can everybody... can you see that? Is that...?

Lawrence Neal: See if you can zoom in a little bit. Yeah, that's perfect. Yeah, we can see that.

Katie Santos: So, this was our junior trainer. We had 2 levels of pay in each.

And mind you, these are old numbers, right? But they were also tied to the requirements, right? Within a few – I think it was 3 months – they had to be up to 10 client hours a week, at least –



that was a minimum, that you worked for us was 10 hours a week. And I didn't have the admin rate in here, but everybody was pretty much the same.

Then, when they had more hours, and maybe they pass their certification – for you guys, it'd be [HITuni](#) – then they could go up.

And then, these certified trainers were our middle tier – they had to be working more hours, and maybe they had to have done some additional CECs or maybe additional certifications to move up.

And then, the more senior specialist trainers had to have between 15 and 30 client hours a week, a combination of classes, privates, and sessions, and they had to have two certifications for us: It was a Pilates and a nationally recognized, like, an ASM or something like that. So, old numbers. Hope that helps.

Lawrence Neal: That's great. Okay. Thank you for that. So just got some other questions here. I'm going to ask you as well. James, you've got more. Keep the hand raised. If not, just lower the hand. So, one out of left wing here: What do you do when you discover one of your trainers has been training clients off the books or embezzling money?

Katie Santos: They're fine. Yeah, if... this is the reason why we had cameras in the studio because we found out somebody was doing just that – bringing in... we were closed on Sundays, and they were bringing somebody in on Sundays. We had the good fortune of being in a town where I was the president of the chamber.

So, somebody drove by and saw them in there and reported it. But I let them go immediately. I said this isn't the thing that we need in our studio. I appreciate that you are working really hard and trying to make lots of money, but not on our backs. So that's an easy fire. You can't... to me, that's a distrust that you can't overcome, and you can't coach them out of that behavior.

So that's an easy, "See you, love you, bye!"

Lawrence Neal: Any way of preventing it in the first place? I... just about cultural fit and qualifying in the right...



Katie Santos: Yeah. Cultural fit. I remember working in one of the first restaurants that I worked in that had computers and when they brought them out, they said, “Oh, this is going to prevent that theft and all of this sort of stuff.”

And fast forward three years, they let go of a manager —that manager gave his override key to another server who ended up embezzling \$160,000 from the restaurant over a couple of years. So, it's really also about once you let that person go, making sure everything is secure.

You, if you have to, you change the locks. I would... even if they gave back their key, I don't trust them to not have made a copy. Make sure they're out of your software. I would evacuate their picture from everywhere. You've got them, whether it's on the website or social or whatever, and make sure that the rest of the staff knows the why.

I would not accuse directly in case you happen to be wrong, but I would certainly say that we let “Al” go because it *appears* that they were stealing money from the organization, and that's not something we can tolerate. So, notice the word “*appears*”.

Lawrence Neal: Interesting. Yeah, and just to get really specific, when you discover that it's happening, what could you talk us through play by play, how you would deal with that in and just use the U. S. isn't it, obviously, the example...?

Katie Santos: So, I would call them in. I would probably have a witness with me, maybe another manager of some sort and make sure that it was in a private conversation place so you're not confronting him on the fitness floor, but say, “This is what we have heard and seen,” hopefully seen, and you've got proof, and, “It's specifically on these days. This happened, this amount of money is missing. You were the only one on shift. Then this leads us to the conclusion that there's theft going on.”

What response do you have? And maybe they cop to it. Maybe they like “No, it wasn't me.” For us, it appears that's what's happening. And given that... and hopefully there's maybe some other behaviors could be that there isn't... maybe they're your ideal person on every other aspect, “...we're going to have to let you go.”

So that means today. “I'd like your keys, whatever documents you have of ours whatever you've...” I had a checklist of everything that everybody got, it would live in their folder. And then, once that



person is gone and out of there, you are writing down almost verbatim what happened, because I can assure you they'll probably file for unemployment.

Lord forbid they get an attorney, but you've got it documented and you've got a witness of some sort and you make sure that it's not accusatory, but that in your *clearest estimation*, this is what happened.

Lawrence Neal: Okay. Got it. All right.

Katie Santos: And you got to retain that for seven years, by the way. So, if there's any sexual harassment or any kind of criminal behavior, their records need to stick with you for seven years.

Lawrence Neal: Got it. Okay. All so another question here related to that in a way.

What do you... what advice do you have about firing?

I know this is all very negative, but these are sensitive, awkward questions that we need to know the answers to.

In terms of the experience of firing someone, what would be your, advice, tips for that process?

And I've heard... I remember Luke saying our mutual friend talking about like the 36 hours of pain, if you've heard of that, where it's that's more dealing with it maybe psychologically, if you were close to that person, all of that stuff, but just... yeah, the *how you go about it*, but then also how you cope with it after. Maybe you can touch on some of that mental stuff as well.

Katie Santos: I talked earlier about the job description and the documentation that you should have in place — those things are really the easy guide to point to.

And I'm going to tell a little story that one of my clients is going through right now. I went to them and was on site with them for a week. and we drew up all the documents, including job descriptions and things like that.

And they had a really good manager in place who I really liked. I went through the documentation with that person and they agreed to it, and they agreed to the increase in salary that came along



with it because they were going up a level. Fast forward eight months, they were never given that job description to sign and fully implement and they were never given the increase.

They – to make a long story short – refused.

We had a meeting, three of us. The owner agreed to go ahead and implement that stuff and realize, “Oh, yeah, I should have done it, delayed by another week,” whereupon the new manager said, “You know what? Not doing manager stuff. Sorry. I’ll train, but I’m not doing manager stuff.”

The owner fired them. And I said, I don’t think this is a good idea. You haven’t pointed directly to any kind of behavioral problems or anything like that. Guess what? They’re in a lawsuit right now.

So, if you don’t have – I know this sounds really scary and I’m pointing my finger and everything, but – if you don’t have that documentation in place, and you don’t do those reviews and conversations first, you’re at risk.

The other thing that’s put you at risk is allowing the behavior to perpetuate without you addressing it, because it’s polluting the rest of the people, and every day they are losing respect for you as a leader because you are accepting that behavior, so to speak.

And while I know that conflict is really hard, if you can separate you, and yourself, and your personality, and your relationship with that person from the business and the business’ needs, it makes that conversation easier, right?

So, Katie talking to Lawrence *as your friend*, it’s going to be really hard for me to say, “Hey dude, you’re not doing what I need you to do. And I’m going to have to let you go.” And remember, we talked about this before.

But if I’m approaching you is absolute center. I can say absolute center needs to make sure that the trainers we have on staff do X, Y, and Z. And you and I have had a conversation about it before, and it’s not meeting the standards that we have at absolute... so I’m removing myself a little bit and then you aren’t feeling like I’m attacking you so much, but you’re seeing that I’m pointing to the values that we have as a business that you aren’t living up to, *that you agreed to* when I brought you on board.



So, that will make that conversation at least on you a little bit easier and probably draw some more understanding from the person that you're trying to let go, that there are values that There at play that everybody needs to adhere to, including me as an owner, right?

Sometimes you may not like them, but we established them. That's part of the deal, right? It's like living in a family. The rules are you come home at 10 o'clock. Hopefully you won't be dealing with this, Lawrence, for a while.

You come home at 10 o'clock and when you don't, then you get, in trouble. You get grounded and your performance review at home, you're suffering.

So, it's really similar. I don't like to call employees children, but in a way, the conversation is the same — it's very similar. Now the aftermath, as long as you're documenting things that have happened, it's very similar.

You're keeping all of that and you're making sure that you are having... one of the things that got this person's the story I told in trouble was they directed their words to the manager that they let go that you're insubordinate, there's "*your*" and "*insubordinate*" — they really weren't.

They were just saying, "Listen, I've been hearing this from you for a year, and I haven't gotten what I wanted. So now this is my only tactic to get you to increase my pay," and all of that. Then, it just went back and forth and degraded a little bit, and I stepped in and I said, okay we both want to get to this to a solution — let's find out what it is first.

Lawrence Neal: Great point. Great advice. Thank you for that. Any more questions from attendees? Let me know. And we've got probably time for one more, one more question here.

So, any thoughts on compensating managers? I guess a general manager, studio managers, how that differs from personal trainers, things to factors to consider, that kind of thing.

Katie Santos: Yeah, it depends on a couple of factors. I've worked with studios that have managers that aren't *movers*, so to speak. So, they're not training and they're just doing the, business end of things. And I have managers that are quasi... they train *and* manage. So, it really depends.



Again, if you have that *quasi-manager* and, not to take away from their role, but they're doing two roles, you can pay two different pay rates, right?

You can also... if they are in charge of sales, this is an opportunity for you to [incentivize] them, either a spot [incentive], where someone buys a year membership, they get a cut from that anywhere from 3 to 10%, depending on the price of your membership, or you can [incentivize] them – which was the case with my story client, they were setting up a process where at the end of the year, if they went over their number, their target is a million a year – if they went over that, whatever they went over, the manager got 10 percent up.

So, if they went over 100 grand, that's a nice little chunk, right?

Which I contract to do. It depends on how you want to structure it and what you think you if you're clean about pulling your own profit, you as an owner and pulling your own salary, which often doesn't happen, then anything left over is something you can [incentivize] your staff with, whether it's the higher percentage for manager and a lower percentage for the teacher and do that.

You can [incentivize] them on specific tasks that they have in their job description. Maybe it's increased sales by a certain percentage or sell 10 memberships. a week or a month. If they reach those numbers, those KPIs, you can [incentivize] them on that.

It's really up to you what your business can support, what you want to do, and what you feel that is attractive to the people that you're looking at.

The nice thing with bonuses, especially discretionary bonuses, as they are just that – they're discretionary. If you hit a rough year, or you hit a rough patch, you can say, “Hey, wanted to give you a bonus this quarter, but can't.” Every big corporation does the same thing. Microsoft is upping their dividend or they're not, or they're suspending their dividend or their... something like that.

Lawrence Neal: Or it's performance-based, I guess as well. Slightly different. Yeah, because it's factors outside that control. Sometimes I guess that might affect whether they get that bonus. Yeah, yeah. Awesome.



Katie Santos: But that's an easy way to bring somebody in at a lower rate. If you don't have the budget to hire an expensive manager right now, create some sort of [incentive] program.

I will pause and say, if you make it a commission in most states, you have to have a commission contract that clearly lays out what the commission structure is.

That's the case in California and in Connecticut. And I don't know where else, but I try to stay away from that because it's, I don't want to drop another contract.

Lawrence Neal: Yeah, no, fair enough. I guess a lot of those listening may currently have and only aspire to have just the single location and maximize the profitability of that location.

And ultimately, eventually, *potentially* – lots of words there – step back and have a GM that's like an owner or like an operator, right? Or like a co-owner.

What about... I don't think you need to put a conversation on and touch on equity. I don't think... let's talk about that because some people, in just talking about business in general, think that actually, most CEOs or top level positions need to have some kind of equity interest that they're much more motivated to drive the business board and grow the business.

A salary maybe won't do it in isolation. So, what's your thoughts on that in the context of fitness businesses?

Katie Santos: Yeah, it depends on... we thought about it in our studio, because we were in the process of trying to think about exiting in the next 5 years when the pandemic hit, and my partner had a stroke.

So, it didn't come to fruition, but we had pegged a couple of people that worked in our studio as possible people to either buy the studio or sell it. And we looked at a couple of different ideas.

One was just a straight-out buyout of the studio itself. We had teacher training and a program that we developed based on Animal Flow a little bit, if you're familiar with that, that we were going to keep... so, we were just selling the gym.

We did approach them about it just planted the seed a little. And I do know that there are a couple of studios doing that graduated equity inclusion, so that if you decide, "Hey, in seven years, I



want to be totally out,” and I've pegged Molly to be the person to take over. Then each year, she's going to get a little bit more equity.

And again, you can base it on as long as she is holding on to the role, making sure there's an increase in sales every year of a certain percentage, that sort of thing. Those are the sort of things that you can talk to attorneys about... there're attorneys that specialize in business transfer and business takeover that really know a lot about that. And I'm willing to bet there's a lot of resources online about how to structure those deals.

You, any way that you do this, whether you're positioning to, for an equity takeover or whether you're positioning to sell in a few years, having your procedures in place and written out so that you can extract yourself and anybody else can insert themselves and do the tasks of running the studio is key.

And they take a while to put together. So, start it now, if you're thinking about it that's something that we were forced into doing when my partner went out the first time. It's key to making it easier on you day to day and freeing you up for the big visionary stuff as well as looking down the road and selling at some point.

Lawrence Neal: Yeah. Great answer. Thank you for that, Katie, thank you so much.

This has been amazing. You crushed it! And anything you can send in the way of templates, which you're into that. I know you sent me one already, but anything you can send out about, please share and send it over to me. I'd love to show the community if you're able.

What's the best way for everyone to find out more about you and contact you about your services if they're interested?

Katie Santos: Yeah, you can grab a complimentary consultation at fitnesshr.com. Happy to talk a bit about what you need, whether it's leadership or compliance or, oh my gosh, I guess I better get these documents you're talking about, whatever it is.

Also, [Instagram](https://www.instagram.com/fitnesshr), fitnesshr.com. I'm jumping in there regularly, and I'm working on a book. So...

Lawrence Neal: Oh, wow. Awesome.



Katie Santos: I met with the publisher last week, so we'll see what happens.

Lawrence Neal: Cool. We'll have podcasts about that or at least help you promote it. Great. Thank you so much. It's been so beneficial. I'm excited for those that couldn't attend to watch this back. We'll get it obviously hosted in the community.

And for those who are wondering, we do not currently have a Masterclass scheduled for October, but I will get that sorted soon. And it will be amazing, of course, with someone great like Katie.

And yeah, thank you to everyone in the community.

And Katie, thank you so much for your time. Really appreciate it. This has been genuinely really great. And I'm so sorry for cutting you off at the start where I ruined the story. Yeah, massive faux pas. I didn't have zoom recording from the get go. But you saved it. So, apologies for that. But again, thank you for everything you did today.

It was a really great Masterclass.

Katie Santos: You're welcome. See you later, everybody. Thanks for listening.

Lawrence Neal: Bye. Katie. Thanks everyone. Take care. Bye.