



**Complete Transcript: HALO Talks with Sadie Kurzban  
Posted July 12, 2021**

Pete Moore:

This is Pete more on HALO Talks NYC, I have the pleasure of bringing in the founder of 305 Fitness. We are on audio, but we are dancing like no one's watching Sadie. Welcome to halo talks. Finally,

Sadie Kurzban:

I'm so happy to be here. That was an incredible intro. No problem.

Pete Moore:

No problem. I didn't practice as much as I wanted to last night, but that's the best it's going to get the story. So look, you've you've made it through the pandemic. You've shifted your business model and did floats coming out the other side stronger and sweaty or that you were before. So give us a little background on why you got into this industry originally. We'll talk about what you built and where it's going.

Sadie Kurzban:

Yeah, thanks so much. Well, 305 fitness is a dance cardio workout with the live DJ started it in 2012. I was teaching classes, kind of these Zoomba like classes on my college campus. And, you know, I was a talented instructor and I could fill the room and I could count the bodies room. And I knew that I was bringing the gym all this money. So I thought to myself, why not? You know, I don't have equipment here. Why not rent a space and teach it myself. So very, just simple asset light model, you know, began with a lot of hustle. I was teaching out of rent, a dance studio space, a weird bodybuilding gym until we built this following and then opened the first studio in 2014. The next few studios, we have seven studios in total now across Boston DC and New York, and got really interested in how to scale 305 beyond the four walls in 2019 when we started our instructor certification program. So that's basically a business model. We're taking a page out of zoom, buzz playbook, or CrossFits playbook. It's a training, the trainer model, super lightweight franchise. And that is the business that in the time of the pandemic, when all of our seven studios were closed, that we decided to really push forward that and our, and our digital streaming like many boutiques dead.

Pete Moore:

Yeah. That's awesome. So when you first started your first studio did you feel like you were doing research and saying, Hey, there's a space for me, if you kind of stack up all the brands or did you say, look, I've got personal experience. I know what I'm good at, you know, whatever data or research you're

going to show me. I've got something here there's special sauce. And you know, there's more than you think.

Sadie Kurzban:

Yeah. I mean, I think 305, the white space, it comes from both gut and data. Of course. I mean, I knew that we were onto something because the classes were all selling out with wait lists and marketing expenses were zero and retention was really good. So I knew all of those things before we decided to open the first location, but also the gut instinct at the time when I started, I mean, I was 21 years old. I'm a female. I'm very in the demographic of the next generation, basically of consumers and the people who are making consumer and healthcare decisions we know are women. So it just didn't really feel like there were a lot of brands that were serving people like me and I wanted to create something just from my gut that I knew what exists. I think the other thing that really gave me, you know, other than just knowing that, that the kind of new consumer and the new woman isn't sold on an aspiration of exclusivity and sin at all costs and performance and leaderboards, she sold on the aspiration of inclusivity and confidence and owning her truth and feeling like there's a place to love her body.

Sadie Kurzban:

So that's very much the aspiration or the cultural white space that we occupy is something that's inclusive, not exclusive. But I think that the other thing that just gave me a lot of conviction and continues through all of the challenges continues to be the fact that I point back to is the IP. It's the actual format. You so many fitness formats that they're not really a format, they're a brand, right? So it's like, well, we do spinning, but we do it with the lights on, you know, like we do it with, you know, the instructors where we're orange shirts, where we are in like all, all of that is cosmetic. But at the core of 305, we have the IP, we have a 45 minute format. That makes a lot of sense. And it's the only format I've ever seen that actually takes dance, which is so variable.

Sadie Kurzban:

It's not like, you know, rowing boxing, cycling, running. There's a couple of ways you can do those things forward, backwards. I decide dancing. There's gotta be N there's endless permutation and innovation in this category. And so most dance classes is just memorized choreography. And what I did at 305 was I created a format that is basically creating a language around dance. That's where the train the trainer model came from. But at its core, it was wow. We're onto something here. Product-Wise that no one else is doing well in fitness in terms of dance, we just really serve it so well.

Pete Moore:

So, you know, for, for the listeners here that are working on new programs or, you know, have something inside their club that they're trying to scale out to, to, to other clubs or studios, you know, how much time did you put in to really nailing the experience and nailing the format? Because I feel as if a lot of companies try to grow really fast and then they try and kind of fix the programming to make it scalable. So maybe give us like your entrepreneurial hat on, of take the time to do it right. Documented properly and then make it so you are personally scalable.

Sadie Kurzban:

Yeah. I mean, in fitness it's I think it's all about the format. If not, then you got to go out and raise a lot of money. So you can just acquire customers off of a brand or you stay small, you know, and you have your local approach, which is fine. So the, the other levers to, to scale, like one of them is the actual

product, right. And, and a winning product the end of the day is what wins. It just has to be. So the time that I took to develop the actual class, yes, it was years. I mean, years of both being in a low pressure, you know, me just teaching on college campus, dryness, drying that probably over thousands of classes, literally of just testing different things. And also interestingly at 305, it really came from collaborating with a DJ cause the whole class is music centered.

Sadie Kurzban:

So it's really not about, oh, I made these 50 dances. I want people to learn these 50 dances. That's my format. No, it's actually about counts of eight. And how often you change a move and what the beats per minute are, that's what leads to this constant innovation and this constant spontaneity you feel in a class is that it gets to be a hundred percent music driven and music centered. So it was, it was very much the formats rooted in, in a musical principles, I guess you could say, as well as a movement vocabulary that we train our trainers and, and yeah, all of that, like the stuff behind the curtain that you don't see in the class that took from just so many years of experimenting me as a sole teacher, until I found a format that made sense. And then I had the challenge of, okay, how do you teach people how to do this, right. This thing that feels so spontaneous and natural. So that was, that was always the goal. Cause I always loved teaching people. I wanted to see other artists and dancers be able to go out and do this incredibly empowering thing.

Pete Moore:

That's awesome. Yeah. One thing that definitely resonates from people that have taken the class who are avid users that I know as well as, you know, what kind of oozes out of your website and some of your YouTube videos, you really have created a special culture. And it seems like there's not a lot of egos involved that everyone kind of feels part of a mission or a movement if you will. So how have you kind of been able to balance getting the best instructors, but also having them, you know, operate under and not necessarily be overly about their personal brand, which a lot of studios seem to have, you know, for better or for worse, it just kind of evolves that way.

Sadie Kurzban:

Well, I think that, again, it, in part does come back to the format. So an example of what you're talking about is, you know, in, in the return from the pandemic, a lot of instructors deciding, do I want to come back? Do I not want to, maybe I started my own virtual thing. We have over 90% of our staff returning to our studios after 14 months of being furloughed. You know, most studios I think is something between like a quarter and half with a lot of locations shut down. We don't have that. There really is a true loyalty to . And I think that a lot of studios do that just through stuffing, you know, cash in people's mailboxes or guilting them or putting up non-competes that don't hold, you know, and again, what does it come back to the format? If you don't have something that's ownable IP, you're asking an instructor to create the playlist, create all the movements, show up and teach the class.

Sadie Kurzban:

Okay. So you're giving them marketing support and you're giving them basically the business tools so they can show up and do their thing. But when you teach , we're letting you into this world of how we do things. This is not like, again, it's an ownable format. So you're teaching you're teaching for real five. You're not, it doesn't feel like you're teaching a dance cardio class by X instructor. So in some ways I think just the incentives are more aligned because it's kind of, I don't know. I don't know what the equivalent is. It would, you know, I don't know. It'd be like working. I don't, I don't really know. It's just,

the format really is front and center. The DJ's controls so much of the experience. I haven't seen any instructors we've ever had, who have left, who have started a dance cardio competitor.

Sadie Kurzban:

Again, we just do dance really well. And then, like you said, there's just the culture of listening to people, wanting me, you know, wanting people to know that they are taking care of in our community. We do the very best we can. We have transparent leadership. I'm always working on myself in a very open and authentic way. No one thinks that I'm perfect and I own my mistakes pretty, pretty openly. So I think that yeah, it's culture and what we built, but more importantly, I really think that it's the format. I think that's why instructors show up is because I love this format. I love teaching this format,

Pete Moore:

Right? Yeah. I mean, I think there's definitely a yearning for people to have an experience. That's the equivalent of going to a nightclub or, or a dance club without having to buy the bottle of grey goose or stand in front of a, a velvet rope, you know, as you've looked at your business model and I've talked to investors in the past, I've looked at a number of studio concepts where they've moved from a DJ to, you know, a curated playlist, either something that is from corporate on down, or they create their own playlist, which, which, you know, has its level of, you know, personal ownership of the instructor. But you know, maybe sometimes they go along their own route and it kind of deviates from the programming side of it. So what, you know, how steadfast have you been about it? There's a DJ in every class. This is the experience. I'm not going to change that because I could save X number of dollars by not having it, a human there. And I could just use you know you know, iTunes.

Sadie Kurzban:

Yeah. I mean, it just, it is the class. So we've been steadfast in the commitment because it is the class instructor shows up, instructor doesn't know what music is going to be played. That's the beauty of . That's why our customers are sticking around for five years later because it really doesn't feel like you've got the same old playlist. So that's what, yeah. The music is just so important to the format. It is the format. So we have the instructor gets to kind of show up and perform in some ways and just connect.

Pete Moore:

Yeah. Actually without you, you know, you always say that, take the best people and put them with their strengths and don't put any other obstacles around what they need to do with that experience. Kind of a you know, a pilot of of a jet blue flight, you know, also isn't walking the aisles or isn't giving you know, the safety tips and so on and so forth. And there's someone else responsible for that. So I think there's something to be said for having people stay in their lanes and being experts at what they do and not having to scramble about the anxiety related to what's my playlist on my, on, on my, on beat, you know, my plugging in the iPad iPad, did I forget my Mac at home? So I think that, that's interesting about how you set up the business model kind of in parallel with like two experts, both having the entertainment value inside the class. Exactly. Yeah. And then you've brought on some interesting strategic investors. You want to talk a little bit about how that came to be?

Sadie Kurzban:

Yeah. So through the years we've been so lucky we've gotten the support from some incredible angel investors. A lot of them founders in the fitness space have had huge exits. So it's just really remarkable to have their support. We've also gotten the support of some angel investors in Hollywood and media

spaces who just have a great sense for where trends are going and have been able to open many doors for us. Recently we raised some capital and brought on a couple of more institutional investors, which was nice, you know, just to have the capital to be able to expand. And now we're raising more money so that we can expand the instructor's certification program that kind of train the trainer model and scale. What is this beautiful thing that just totally works in a couple of key markets on the consumer side, be able to scale it through people all around the world. So I'm really excited for that next chapter of growth. We have a thousand instructors right now, and we're gunning for 25,000 in the next three years.

Pete Moore:

That's amazing. So talk, talk to us about you being an entrepreneur March 17th, 20, 20, you know, how you mobilized and really pivoted hard into the digital side.

Sadie Kurzban:

Yeah. So let's see. Pandemic is like hits New York or there's, you know, murmurs of it in late February. And everyone was in denial and, you know that was pretty much it. I mean, my COO turned to me and he was like, this is serious, you know, like showed me a clip of what was happening around the world. And I was like, oh, got it. This is serious. It didn't, I don't know. I mean, I think people were just kicking and screaming and I think that when it comes to business and unknown, unfortunately a lot of people don't always act with a lot of integrity, you know, they they'll they'll wait until someone else makes the leap. So we were literally the first, I think it was like March 12th that we sent an email saying we're closed and it's just the right thing to do.

Sadie Kurzban:

And everybody go home. Not knowing that landlords would work with us, not knowing if it was going to be two weeks or two years and not knowing really how we were going to pull off just saying we're closed. We really, we made the leap in what felt like months before anyone else, because at that time, years were a days felt like years, but yeah, just showed a lot of integrity from the start, moved everyone online to YouTube. Again, the plan wasn't monetized, the plan was just like, keep people safe, do the right thing. You know, take a stand, still give people an emotional outlet. This time is going to be hard. Real leadership is needed. And we just built this incredible community on YouTube truly by accident, where we were, we were doing these live classes throughout the entire summer of the pandemic, that insane summer, you know, when we thought takeout was going to poison us, it's like so needed.

Sadie Kurzban:

And we literally would have like a thousand people tune in every day. You'd have people tuning in from around the world who would, you know, be like, I'm just sitting here eating dinner, but I'm watching you because you're so positive. And it's amazing. And that, you know, just show to me like the value of , it's just, it brings people in. It makes people feel seen. It's just, it's a happy place. It's a Disney world for people. So we both thought I'm all for free. Just gave back to the community to not worry about the money we just said, we have to do the right thing. And we're going to build this audience and the pandemic will be over. So let's just keep cash, you know, as on the low end, as possible, but not try and make any fast moves. And then in the background, we worked on a virtual platform that we could feel really proud of with a lot of really good content.

Sadie Kurzban:

That's filmed in our studios and, you know, we just, we, we took some time to get it right. So we launched that platform in September. It's \$29 a month. It's 305 at home and that's been awesome. We have, you know, well over a couple thousand subscribers on that platform, retention is strong, especially for a product where we don't have that hardware component, the lock people in. And it's awesome because it's affordable and it's easy and you know, you can take it on the go and you can still access from anywhere through this unexpected virtual channel that we launched.

Pete Moore:

Yeah. That's, that's amazing. Congratulations on, on, on putting that together and the success, you know, as you look at probably, you know, the, the leader that kind of created part of this teacher training space and, and distributed networks, if you will, to take, you know, more of a strategic business school term you know, Zumba's obviously had a lot of success worldwide. So as you look at and you say, look, I could get to where they are at some point, but I'm going to do this at my own pace. And I'm going to bring in capital to kind of hit each one of the milestones. You seem very deliberate in consuming capital, using it properly, building it then going out and being methodical about it. How do you maybe kind of talk a little bit about that, you know, what your comfort zone is for the entrepreneurs out there who are building their business and not trying to, you know, take in rounds that maybe more than a company can take on and, and add that layers in, you know, added pressure to perform or to grow at a pace that just might not feel natural to you.

Sadie Kurzban:

Yeah. I mean, I've certainly never had the experience of being so overcapitalized that we like burned through money. I've always had the opposite experience where we like have to, you know, prove something with very, very, very little especially the boutique fitness space, you know, like operating a boutique fitness studio concept in major markets from 2017 to 2019 was just about like the hardest business challenge of all time, just so much competitive pressure, so expensive to operate, you know, sell have been forced to take in capital and be able to do exactly what we said we were going to do with it and then get to the next milestone. There's obviously positives to that. I think one of the positives were, you know, had we taken in a ton of capital and with our studio business, without the vision for certification, we probably would have opened like 50 to 100 of these and realized that some of them were bad bets.

Sadie Kurzban:

And we know some players were where that shook up like that. Right now we're in the phase where we're trying to grow just our instructor certification program. So we're saying is this huge consumer brand. It can be bigger than Zoomba. Zoomba has 15 million people and take a Zumba class every week. And hundreds of thousands of certified instructors were saying, we can be the biggest fitness player out there with a number like that, 15 million consumers weekly. Wow. How are we going to do that? We're going to do that through studios and major markets. We're going to do that through a virtual offering. And most importantly, we're going to do it through this distributed network of certified instructors. We're going to do it differently, you know, in a more modern way than Zumba has because we're going to enable our instructors with technology and all of the things that it really takes to be a fitness instructor in 2020 and beyond.

Sadie Kurzban:

It's a lot different than what it was. If you were taking a Zoomba training in 2004 or whatever it was. So we're modernizing it, we're tech enabling it. We're really building just the most valuable network. So this, this young dancer, you know, this mom, whoever it is who wants to get certified can feel confident that she can really unlock the full potential and the full money in her community. That's waiting for her when it comes to fun and empowering group fitness. So I'm just excited for to be everywhere. I really think it could be just a massive brand in fitness and in wellness. Like I said, it occupies this huge white space, which is no shame, no competition. It's not exclusive. It's not about metrics. It's about fun and confidence and who in the world doesn't want that right now. So I believe the market size is so tremendous for this brand, but to answer your question about capital rather than built, you know, raising a hundred million dollars to execute on that vision, we've just focused right now on growing the network part, the certified instructor part, we're going to grow that.

Sadie Kurzban:

And then we're probably going to grow, you know, other revenue streams after that, or build more to support the network. So it is still building step-by-step to this bigger vision.

Pete Moore:

Yeah. So, you know, one of the things that has been ingrained in me over the last year is for a bricks and mortar location to be attractive, I've kind of raised the bar on what is an acceptable potential return because of the amount of work that goes into it because of the lease that you have to sign potentially a corporate or a personal guarantee on that lease, hiring people versus the digital where, you know, you basically taking 25 to 50% of your cost structure, you know, out of that experience each time. So have you kind of recalibrated, you know, I'm only going to open up studios that I think are going to be amazing because I'd rather put my money in digital. If I don't find a spot, I'm going to wait for the best spot or I'm not going to do a studio.

Sadie Kurzban:

Yeah. I think the truth is that if you build a studio in Tallahassee, it's not that much cheaper than building one in DC at the end of the day, but the potential is much greater in a dense market where your people are, the price point is also different. So the studio business works really well when I think it's in the right neighborhood, the right location with people who want to spend 20 to \$30. I don't think it works so well when you start to try and grow it to the 300 or 400. I do think that there are some brands that are, I don't know, I guess the kinds of things that you, that just speak to a super broad audience like orange theory, you have no, I can see how that just has appeal to everyone in a way that three to five is going to be a little bit more specific for who it's targeting for the studios. And I think that what's interesting is yeah, certification can exist in basically everywhere else because it's the low capital way to expand. So it's still getting out there live real. I believe that that community is important. It's just saying that only some markets are going to support \$30 price point with a live DJ and then other markets will support a \$7 class. And that's a great place to, to have some certified instructors,

Pete Moore:

Right? Well the average orange theory, the dollars per door opening. So the, the member for a class is about \$19 and 50 cents per visit is the metric. So I actually take that metric and apply it to other businesses. And if they're not getting to that metric, then it's probably not a great business model. And it's probably enough, not enough revenue being generated on a, a per month basis to, to, to make a franchisee or a corporate owner like yourself excited about, you know, the, the time effort, energy to, to

make that work. So that, that's, that's what I've seen. So, you know, in closing here we are 1, fitness, where is this what, what's the Genesis of the of the brand?

Sadie Kurzban:

Well, it seems after Miami's area code, which is where I'm from. And the idea is that we're taking all the fun elements of Miami that are, you know, the DJ, the partying, the diversity, the sweat, the sex, the fierceness, but we creating our own little Miami, a place where women aren't objectified constantly, where we're not asked to dance for the pleasure of other people. It's really just for us and where body standards and body issues, you know, body image is not held up as, as the number, most important thing in the world. Like it was for me growing up in Miami. So it's a bit of a subversive kind of celebration on Miami, but also saying, you know, we deserve better as women.

Pete Moore:

So all the, all the good things about south beach without the negativity that comes with spending time there. So do you have any good quotes that you live by or that you've come across with, to build our quote library?

Sadie Kurzban:

Yeah. My life motto is nobody cares. I don't know if anyone's taken that one yet, but nobody cares, you know, everyone is living their own story, their own life. And at the end of the day, you can just spend the whole time worrying what other people think. Nobody cares just live your life. Nobody cares at the end of the day.

Pete Moore:

I love that. That's great. Well, you've done a great job building the brand really I'm impressed with, with how you've thought about methodically going into the digital and going into the teacher training looking at other companies and what they've done right. And what they've done wrong. And you know, excited to hear about your, your future raise and proliferation of . So for people to get in touch with CD, we'll have all the information in the show notes. If you're interested in potentially investing we'll get you in contact with her directly and keep doing great. Thanks. Thank you

Sadie Kurzban:

So much. Have so much fun to be on.

Pete Moore:

Awesome. All right. We will see you in New York soon, and you will see me in one of your classes, probably in the back, but I'll be noticing. Awesome.

Speaker 4:

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