



**Complete Transcript: HALO Talks with Brent Leffel  
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Pete Moore:

This is Pete Moore on halo talks NYC. I have the pleasure of bringing in a old dear friend, Brent Leffel Newport beach by way of 15th street, New York city. My next door neighbor. Welcome to the show. Finally.

Brent Leffel:

Thanks for having me, Pete, how was waiting for the invitation?

Pete Moore:

Excellent. Well, you're a, you're in the queue number, probably around number 400. So save the best for 400. So you've had an illustrious career starting off in finance. You want to give your shortened background and then we're going to talk about what's going on at TRX.

Brent Leffel:

Sure, absolutely. So I worked in banking and private equity for a number of years. And you actually introduced me to this industry back in 2005. At the time crunch was an orphan division of Bally. And you came to my old firm with an idea of acquiring it and we were looking to acquire distress companies. And we did that in that transition into a couple of years of trying to figure out how to, to get crunch on the right track that culminated. We didn't really do that until I met mark Mastrov after he had left at, had sold 24 hour and one of his partners, Jim Rowling, and another partner, Mike Feeney, they came in and started operating crunch from my old firm, did quite well. And then we restructured the business with them and it just, it, it really took off spent a couple years at my old firm Gordon with them.

Brent Leffel:

And then I left and I joined them to start a business called new evolution ventures, which was a branded portfolio of health and fitness businesses. And we really span the gamut from company owned stores, company owned locations, franchise we bought and sold a few businesses and it was global. You know, we were in 25, 30 countries, you know, my role initially was M and a business development strategy. And then I got involved in operations over time, you know, under the, the leadership and mentorship of, of mark and Jim. So I had a really good broad experience and I laughed back in 2017 spent a little time with the north castle partners folks in Barry's boot camp. I had invested with them and was on the board so spent some time as they were starting their international business. And then also spend a bunch of time with some folks that you introduced me to Kirk and Sean Galliani that was, you know, a business

that we got involved with at new evolution ventures when they had five clubs after they had so-called with their new business, one life fitness that they grew to about 40 at the time.

Brent Leffel:

And then I decided to start my own a boutique private equity firm to invest in businesses that I knew. And that led me to T-Rex, which, you know, we acquired at the end of 18 and it's been a wild ride. And, and what's different about us is that we act as both the investor and we get involved in the, you know, the management and the operations is needed and been involved in that capacity with your arch really since inception. So it's been, you know, two years and it's been, you know, a lot of a lot of great learnings and great fun.

Pete Moore:

That's awesome. So, you know, your firm and you individually have the benefit of being in private equity, but also spending full time stints as either the CEO or, or operating a business. How do you think, and I, and I'll give you my response, but how much do you appreciate the, the operation, the execution, the team building versus when you were back at Angelo Gordon, you know, and you and I were plugging things into an Excel spreadsheet and just putting growth rates on them.

Brent Leffel:

So we have, so I'm playing this role with Tierra. It is, you know, in an operating capacity and my business partner is doing the same thing with a, a business medical aesthetic retail business called [inaudible]. And, you know, I always like to say that Microsoft Excel is an amazing thing because they can tell you whatever you want when you and I were back in the day, plugging in, you know, growth rates, you know, it's like you're playing a video game. and the other thing that, that I've learned over the past few years is the thing you can't model is people and culture. And that is the most important thing in these businesses. And I remember, you know, I feel, I wish I knew, you know, then what I know now, all my time in private equity, we were focused on the wrong things.

Brent Leffel:

We should've been focused on. Do you have the right people running the business? Are you supporting them the right way? Are you pushing on the right things? You know, I used to be great at asking a million, you know, detailed, granular questions, which weren't the right questions. And it's more about setting the strategy, make sure that, that the you know, that the teams in place and just supporting and, and letting it move forward. And, and that's been a, you know, a key learning that I've had over the course of the past few years, really seeing it more from the operating side than the, the other side of it.

Pete Moore:

And when you start off, you know, I I've tinkered around with some very early stage businesses. You and I have looked at doing so much larger deals, you know, what do you think is either your sweet spot or, or the sweet spot to be able to come in and say, okay, I could fix this or I could tweak it, or I could change the strategy whereas not necessarily trying to turn a turn, a cruise ship around. So what should like your comfort zone on size of a company to start with?

Brent Leffel:

So I'd say my conference zone has companies that are running out of cash, because I unfortunately have had a good career of having to that's what we did at Angelo Gordon is we bought distress companies

and I'm, I'm pretty you know, I've, I've, I've unfortunately had a lot of experience with having to navigate through, you know, those types of issues, but it looks starting a business and coming up with the initial idea, that's, that's the fun part. And I, in some respects, there there's no parts, the easy part. I I'd say the, the, the main part is from an execution standpoint, what you actually do with the idea and how you build it and take it forward. And a lot of that is making, you know, it's liquidity, it's, you know, making the right bets and it's getting the right people in place.

Brent Leffel:

And I would say, you know, I've been involved really from the beginning to, you know, to, you know, through later stage companies that are, you know, where there's real structural issues that can't be fixed. And I, I really think getting involved at the front end before, and, and really drawing upon a lot of past learnings and experiences to put the right structure, you know, systems, reporting people in place. That's something that I enjoy a lot more you know, and I've, but, but, and that comes from, you know, frankly doing all of that, making a lot of mistakes and, and kind of understanding now what's required when you have to unwind them.

Pete Moore:

Well, a lot of people have heard me on these podcasts, talk about experiences, what you get when you don't get what you want. So hopefully you take all those experiences and turn them into learnings that or almost like flashing yellow lights to know, okay, look, I know what's going to happen if we go down this, this, this ramp or a Kohler sec you know, switching over and talking about TRX, obviously strong brand, somewhat of a commodity product that turned into a branded, you know, suspension system and platform, definitely a strong call to following a big distributed network of trainers in the space. So when you first took a look at putting capital into the business, what were some of the themes that you thought were interesting from the DNA of the business and where you could take it? And obviously it's take, takes time to roll out new programs. So we're going to talk about your digital presence after that

Brent Leffel:

Randy Hetrick, the founder is just an incredible guy. He and I had become good friends, you know, through the industry during my days at NEV, you know, I had him speak at w we, we had him speak at one of our, you know, the conferences I had w we just had become friends over the year. And I always admired, you know, at our site. I think I went to IHRSA with you the first time back in 2005 or 2006, and every year, I just always admired how tear acts. That was the fun, the most fun. Everybody just seemed to love to your accidents, kind of like the Solomon at the industry. And I always thought to myself, wow, it's a great brand. And, you know, the product, you said, it's a commodity product. It's actually not, we have it it's patented, you know, so, so Randy kind of invented suspension training, you know, this whole what became suspension training.

Brent Leffel:

And it just, the brand had such a good origin story and he built it brick by brick, and he had huge support from the trainer community. And I always thought before, I had even thought about acquiring T-Rex. I thought, wow, that that business is so much smaller than the brand. And so when, when acquiring it, you know, the, the business was it's pretty small international. And the fitness industry outside of the U S is about four times as big as in the U S you know, and I spent a number of years with a backpack traveling all over the place, and I thought, okay, we can, you know, there's a lot of things that we can do

to, to grow the business. And then there's a lot of just like structural things around, you know, the way it was organized from a supply chain standpoint.

Brent Leffel:

And the other thing that was kind of amazing was that TRX never spent any more, very limited money on marketing. So it was all grassroots and, you know, that, that was part of it and getting involved, no, once I got involved, you know, there's just a lot of moving pieces. And you know, it, it was you know, changing the, you know, we, we made some additions to that and modifications to the team, but also the environment tariffs you know, supply chain issues, channel shift, but I underestimated was T-Rex was very promotional. I, you know, they were probably on sale 320 or 365 days a year. So just figuring out how to work through that, that just took some time but just kind of stuck with it. And then, you know, through COVID now we really changed you know, quite a bit you know, we, we, we changed our organizational structure to, you know, kind of index behind some of the growth areas.

Brent Leffel:

We expanded our distribution. You know, and, and most importantly, we brought in a CMO, which the company hadn't had and we, you know, started really kind of figuring out what what's our strategy. Cause we always had a strategy of creating a platform for all these trainers. You know, we've qualified over 300,000 trainers globally, big number, but that just, that just morphed and evolved. And over the course of the past year, you know, we, we honed in on, you know, our model, which was creating this digital platform, which was for trainers and consumers, which we launched about a month ago. And it's really to be of service to the whole, you know, sit in this ecosystem, which I think is, you know, it's interesting I, I've been on, you know, a few of these and some panels and everyone asks, well, what's going to happen.

Brent Leffel:

Are the gym's going away and at home, or is at home the minute, you know, that the vaccine rolls out is that have gone away. And it's the GM's. And I think, I think we're going to live in this unique world where the gyms are always going to be the center of the universe, and there's going to be a hybrid, you know, strategy. This didn't start during COVID. This has been happening for a 10 year period or whatever it is just accelerate it. I think the most important thing, and you may have the data is I think that the demand for sadness, and I think the actual demand side of the equation increased, you know, over the course of this past year, that's good for everybody in the end, you know, the consumption patterns we have to figure out. So I know I, you know, I kind of rambled a little bit there through my journey on tracks, but that's, that's kind of how I got involved and that's, that's how we have evolved.

Pete Moore:

Yeah, no, that's a great summary. And we'll talk a little bit more about where TRX fits in the ecosystem of the bricks and mortar. Before I get to that, how do you think about being an investor and being an operator? You technically bought a products company, and now you're somewhat running a digital marketing and technology company that has hardware enabled platforms. So how do you kind of get your mind around you're a technology guy. You can't help it now because every company is a technology company. So how do you think about that? Because we used to try and get it, stay away from technology as investors in our private equity you know, historical lens.

Brent Leffel:

Yeah. You know there's a lot to that question, but, but the one overarching part of it is as we build our platform, you know, we had a partner, you know, someone that I've worked with for a long time, you know, their trust, you know, greatly, that's been deeply embedded in the digital tech space, in the fitness industry. And then second, we just two weeks ago brought on someone to run that business unit, chief digital officer and general manager. And from my vantage point, I I'm, I don't understand technology. And, and frankly, that's not what, that's not my job, you know, and, and it's coming up with, you know, being able to kind of conceptualize and, you know, work with those groups and then hire the right people and just try to make sure that we're, you know, well-capitalized, and, you know, I hate to use this phrase, but let it rip. I'm just trying to put the right guard rails in place, but just make a bet on those people. And, you know, I, that, that to me has been an evolution, you know, when you and I were, you know, kind of spending a lot of time together, we both would have spent a lot of time asking a lot of questions and trying to really understand it. And the best question is, do I have the right person? And does this make sense strategy and let them do their job? Yeah.

Pete Moore:

You know, a couple of things that you've, you've said without saying is you're there as a CEO or as a private equity you know, entity to provide support to people in the field. So you're kind of running an inverted org chart and, you know, do you kind of view yourself now more as I'll handle the trampoline, I'll make sure we don't hit the ground, but you know, I'm here to serve you in the field and put you in the right places. Cause I feel like that's a theme that's kind of transcending into how you do business,

Brent Leffel:

You know? It's funny how you described that. So my, my former business partner and, and, you know, mark Mastrov, that's, that's the one thing I've learned. I learned actually over time, how much I learned. And that's the one thing I learned is that he, he, he always used to say, it's an upside down pyramid and, you know, he sits at the bottom and his job is just to support everyone and, you know, and look, that's hard to do because sometimes especially when you, you know, working on wall street, that's exactly, you know, you, sometimes you just jump in and get it done, but the best thing is just you know, just to do that and just to, to provide support. And I always like to that, that's a great way of that, that that's a very evolved way of thinking and that's how I'm trying to, you know, operate and manage. And I don't do a great job all the time, but I think that's exactly the, I think that's the only way to do it, you know, or else you can't, you know, otherwise you're just running around in circles.

Pete Moore:

Yeah. So, so TRX, you've got TRX live. I've got my straps. Thank you. I've got my log-in that I paid for. Thanks for the comp on that, as you think about what the health clubs and the boutique studios are trying to do digitally and create a hybrid experience, there aren't any TRX studios that they're competing against. You are directly embedded with getting products into the sector to train trainers. So how do you think about coming, becoming embedded in their digital platform or, you know, is there a new relationship between TRX and a health club that includes basically certifying your trainers? You know, there there's a, here's a, an area of the club, that's the TRX area, just kind of like Nordstrom's and Sephora have done for 20 years. So like here's your area and you manage this area and you get to benefit from my brand. So how do you think about that? Or let's, let's talk openly about what the future could hold, if bricks and mortar groups kind of embrace what you're delivering.

Brent Leffel:

Yeah. So, so I, I think this is a good topic to just riff on a little bit, because I think there, there's a lot of talk about we're going to live in this hybrid world, and then there's a lot of talks about, you know, well, how, how do you do that? You know, I know that you've been a big advocate and I completely agree, and I have, you know, the gyms will come back and they will continue to be the power source. And I think that over the, I think that's proving out, you know, the initial, you know, results as we kind of over the past couple of months with the roll out of the vaccine. I think this is all this is going to be figured out. And I think it's going to take some time. So I think we are going to live in a hybrid world, and I think there's a lot of external factors that are going to play out this whole work from home that, that we, we just don't know.

Brent Leffel:

And, you know, our strategy is that the heart and soul of T-Rex the trainers and also the, the clubs that's how T-Rex was built and it's to continue to be of service, you know, and, and to be a support system you know, for those groups. And so in terms of, you know, how that manifests, you know, I'm not, I'm not really sure, you know, it's been business as usual and, you know, we've been, you know, kind of observing what's happening, having a lot of conversations. And we just want to, you know, make sure that, that, that, you know, as I said to your ex has been the Solomon of, you know, the industry, when we want to continue doing that, we want to, you know, just help everyone become, continue to be successful.

Pete Moore:

Well, I think one part that could be really interesting is as the billing category has consolidated, you really only have five big billing software companies. I think you're going to have probably two or three big video on demand platforms. One of them is Intellivideo, Forte Fitness, maybe you screen a couple others. They are going to become repositories of everyone's content that could potentially be shuffled around into other libraries on different white label sites. I mean, I've been doing, I was doing websites back in 2003, and we were trying to do something like this now, the delivery systems there. So from your standpoint, you know, TRX live is, could, could potentially be the go-to on their site. It could be a channel. It could be something where you have the opportunity to do something that's hybrid, where you actually put your TRX instructors in the club and you say, Hey, look, let's do a couple of sessions a week inside and you can follow me, or you could do my workouts with me on, on TRX live. But inside the, you know, garden walls of a clubs platform, that's already seamlessly integrated and gambling. You, you know, maybe you want to jump in here given your you know, you run around the country for a long time selling kettlebells and kettlebell concepts and certification. So I judge your thoughts on what your thoughts on kind of TRX getting themselves more embedded on the digital side, just as they have on the product.

David Ganulin:

Oh yeah. I think it's a no brainer. I mean, I, I was proven wrong where I thought, oh, you can't do kettlebells, you know, digitally. And it needs hand to hand instruction. And to some extent that's still absolutely true because it's, it's a very involved skill. And back when I first met Randy and saw TRX at the trade shows, my thought was exactly the same. Like, are you kidding me? Suspension training. People are going to hurt themselves. They don't even know where their shoulders are. People are generally uncoordinated. This, this is a hand hands-on thing for sure. And I think I think I was wrong on that too. And, and, and the move to digital with TRX with great instructors is, is the next iteration. I mean, maybe there are certain things that couldn't, and shouldn't be taught digitally. And I would argue that certain

elements of kettlebells and certain elements of suspension training are inclusive in that, but otherwise it's a great way to get people or trainers feet wet in either modality. For sure.

Brent Leffel:

Yeah. You know, you know, what's so interesting is that I've been training and this is how we came up with the, the general thesis for our, you know, our digital platform is any COVID. I started training with a couple friends with some trainers. So we have in London virtually, and that group's grown. We now have 10 folks most are on the west coast, a couple on the east coast. And 6:00 AM. Our trainers are in London. We started off working out with straps and then that progress, we all got kettlebells, you know, into Xcel's kettlebells, which a lot of people don't know that progression was amazing. And I never really used kettlebells. And I thought, my God, these 10 guys, everyone's going to get hurt everybody. You know, we, we've kind of, it's become integrated in every single workout. And it's, it's really just it's quite amazing.

Brent Leffel:

So I, I think that that's proven out and, and the other thing is people have figured out how to do that. It goes back to something that, you know, Pete, I know you'll have a lot of perspective on this, you know, when people are talking about the industry and I don't know what the, you would know the stats, I think one of the biggest issues is the labor, you know, and I don't, I think it's the clubs who are recovering the personal training, you know, I, I and, and everything I've been involved in, you know, it's very rare that in when personal training revenue is down, it's almost always because you don't have enough trainers and it's because, you know, a trainer left or whatever it may be and what they recover, the industry, that's a big issue, you know, in terms of how do you get these trainers back?

Brent Leffel:

Do they get absorbed back into the economy? Did they figure out how to do, you know, whatever it may be? And I don't know that that's been sorted. I know a bunch of, some of the billing companies have, you know, there's some, some options for trainers, but I think that that's one of the keys. It's not only the videos, but it's like, Hey, is there a way to, to incorporate, you know, some of this virtual training so that when you have, when, when people are training in your club and he goes on vacation for a couple of weeks to the Hamptons, it's like, Hey, Pete, take your, you know, your bands. And let's, you know, let's kind of patch in at this time. And that way you're not losing production and the trainers, you know, they continue to maintain that. And I just think that that's a, that's an interesting topic I've been thinking about it. I haven't figured out what the, the solution's going to be.

Pete Moore:

Yeah. I mean, you using your terms, you know, from structurally, I think the clubs need to rethink how trainers get compensated, the best trainers that are, you know, whether it's on the soul cycle or whether it's Barry's boot camp or on the Peloton, you know, they're, they're making six figure salaries and, and they they're earning it because they're bringing in the revenue. There was a guy who worked at soul cycle before he tailed off to Akins army. He, I think he was generating something like \$7 million a year for, for soul cycle, you know? So should you pay that instructor 20% of revenue? Why not? If you're bringing in the revenue, I'm happy to share it with you and be generous about it. So I think clubs might have to reassess the value of a trainer, the revenue they're bringing in. And if that trainer wants to do workouts in the park or wants to have their own clients that are outside of the current club framework, I think they might be in a position where you have to accommodate those people.

Pete Moore:

I mean, they're, they're artists, they're celebrities, they're high intensity athletes, and they're going to want to have the freedom to do what they want to do at the same time. They don't want to be doing training from their garage or from their apartment. So there's got to be a land-based component to training. I don't see face-to-face as going away in person. I think there's a lot of pent up demand for people to have enhanced level of socialization almost to make up for a year of not having it. So I think it's actually a two X, I couldn't get a parking spot the other day down on Manhattan beach Boulevard. So like everybody's out there. They want to be got to dust off their personalities and get back into socializing again. So I don't know if we came up with an answer here, but I do feel that the trainers need to be looked at differently.

Pete Moore:

The clubs need to stop answering questions. When I say, what does that trainer worth to you? And they say, well, I pay that person \$35 a class. That's not the answer. The answer is what is this person doing that generates a material amount of revenue on retention for my business. And I think the interesting part of TRX to switch gears slightly is me putting the TRX logo or banner either in front, on a window, in the back of my club in a section, I think it creates real additional brand equity to the club. And if you could help solve one of the problems right now, to your point, I was with a client the other day owns 25 health clubs. I said, I can't get people to join, to work for me because again, \$3,100 a month from the state of California. So I can't compete with that.

Pete Moore:

It's supposed to be safety net right now. It's just like a, you know, like a sofa bed. So that's one of the things that hopefully goes away at some point and people realize that we're not running, you know, a socialist society here, and everyone should just kind of wake up whenever they want and report to work if they feel like it. So that's my conservative fiscal hat on. However, I feel like TRX might be in a position to say, Hey, look, you don't have trainers. I got trainers. I'll drop ship your club. That there'll be more than happy to come in here. Do you have the latest TRX equipment? All right, I'll get them there, but you got to have the best stuff. And I'll basically out, you know, you can outsource some of your personal training group exercise to me and I'll do it through the web.

Pete Moore:

And I'll actually give you the personnel that you can't find on your own because maybe somebody doesn't want to, you know, work at Pete's fitness, but they'll work for TRX because I'm independent. And if you want to have me work at Pete's fitness a couple of days a week, I'm cool with that. I haven't, I'm not the trainer at Pete's finish. I'm not a trainer at, I don't know if right. I'm a, I'm a TRX guy. So it's almost like I keep my, my leopard stripes of being who I want to be as like, I want to be affiliated with TRX and I want to work in other places. I don't necessarily want to go into a club. So maybe that equates to TRX becomes almost like an outsource personal training staffing company. Maybe that's how things potentially evolve.

Brent Leffel:

Wow. That's, that's a that's, that's some big thinking there around how the, this whole, this all evolves. I think that's so interesting, you know, in, in put TRX to the side, you know, over the evolution of the industry, there were outsource personal training companies, you know, for a period of time, you know, I think you and I, we spent some time, you know, on that over the years. And it's, you know so one of my,

my partners and that when one of the senior members of the team at T-Rex is got named [inaudible], who's, he's amazing. I don't know if you know the story or not, but he ran, he grew up in, you know, the 24 hour fitness, you know, within 24 hour fitness. And then he, you know, within, I met him through MTV, he ran training at crunch, and then he was involved really all over the world.

Brent Leffel:

And so he you know, op he oversees and directs the number, you know, the areas of our business, including our education, you know, much of the operation. And we've been spending a lot of time talking about this, you know, because this whole it's just disruptive and no one knows what this labor force, you know, what's going to happen. And, and a couple of things about virtual, you know, it's lonely, right? Like trainers, like, I don't think that works long-term that, that these trainers are going to work in their home. You have internet issues, you have roommates, you have, you know, just being alone, you know? So, so there's some kind of, there there's a lot to what you just said. It just has to be sorted out. And I think that, again, I think the clubs are the power base and it just, it it's, how are the, how's this going to work for the clubs going forward in different parts of the world? Personal training works differently. For instance, in Australia, you know, the standard is they have a rental model. That's the way it works is that the trainers pay, you know, most clubs, transplant rent. So I just, I think this is going to, there's a lot. That's going to be that's going to happen here over time. And, you know, I think that will present a lot of, you know, kind of interesting opportunities.

Pete Moore:

Yeah. I mean, the trainers and the instructors definitely have more power than they used to and can sustain some semblance of their lifestyle they want by just operating on their own. However, if you look at most sole practitioners in every industry, they gravitate towards being part of a service organization. They gravitate towards being part of a brand that's a franchise, or even personal trainers that want to start their own location. They'll go pay \$3,600 for the CrossFit license, because they don't want it to say, you know Ganulin's kettlebell, you know, training center, right. They want some connectivity, one from a branding standpoint. But I think at the end of the day, most people are getting somebody else's brand because it gives them a sense of security that they're really not in it alone, even though they know they are in it alone, it gives them at least a little bit of a springboard.

Brent Leffel:

Yeah. You know, I think that's right. And the other thing is that that a trainer wants to train. Right. And, and one of the issues with a lot that, that it really happened over COVID it's okay. I got to figure out how to set up a Stripe account and how to, you know, get my zoom link and then get this calendar that doesn't link in. And then my internets, you know, so some part of the I think one of the, the opportunities is really to aggregate everything and make it like super easy. So it's like, Hey, what is your, what are you here to do? I'm here to train. And I have the, the tool that's going to enable me to train. I'm not here to be, you know, the, the it department of, you know, my apartment building or whatever it may be to figure out how all this stuff snaps together. There's definitely all that stuff's going to, it's going to happen. Even in the clubs. That's the, you know, that's so important in situ we just make it simple so that they can, you know, that they can perform there.

Pete Moore:

Yeah. I was with a guy last night for a drink who owns clubs up in Oregon. And he said, we don't do one-on-one personal training. It's the only, it can only be allowed to be group. And all of his personal trainers

are full-time employees because of, they're not full-time employees. I can't keep them. And if I don't do group training, I can't generate enough revenue per hour to keep them. So he's backed into his business model by trying to accommodate what it takes to retain an employee, instead of saying, Hey, this is what a 10 packs worth. And then let me figure out how to service it. So it kind of backed into almost what you were talking about before. What is the person on the frontline need from me? And he viewed himself at the bottom of that inverted period saying, what do I need to do to keep you here?

Pete Moore:

One, I want benefits too. I want to get paid every hour, three. I want to have enough activity going on where I'm, I'm busy, and then you got me, right? So he, he backed into that by understanding the needs of his potential or, or current employee, instead of coming up with some wild strategy on, you know, five group sessions at the same time. And you could use them in different rooms, but you're not allowed to go in this room without three other people. It's like, oh, what do I need to do to retain my personal training staff?

Brent Leffel:

And then, yeah, I think that's so smart and, you know, trainers, what, what, what your, your client, or, you know, a friend is doing it, it's exactly that it's enabling them to do what they're great at what they want to do, which is trained because the other part is they don't want to sell, you know, like a lot of trainers, they don't want to do that. They're, you know, that that's an issue and, you know, they might be a great trainer, but they're just uncomfortable, whatever it may be. And you're, you know, I would imagine that that he's figured out a way to position them. And, and I'm sure that the I, I would bet that his productivity is much greater, you know, than, you know, than it probably was before he did that. So that's pretty interesting.

Pete Moore:

Yeah. And the other, the other takeaway I've had recently is there's a very, very high margin that you can make on the digital, but you're not going to retain that unless you have a personal relationship that's inside the club. So I think what people should do, and this is the first time I've been telling something, telling people something that might take away some of their money optically at first, but everybody says, I got a 50% personal training margin on all my revenue that comes in from personal training. What have you said? You know what, I'm only going to take 35%. That's the maximum I will take, or 30% just like Uber or Lyft. I'm basically providing as much revenue as I can to the person that is providing the service. And I am basically your back office and what the clubs have the ability to do is I'll make that up on the digital membership. That's got a 92%, you know, contribution margin for that. So I think people might actually need to recalibrate how much they're willing to pay or train our instructor in order to retain them. And also to say, you know, what, if I'm selling a product that is a person that has a labor component to it, should I really make 50% on that, then that sound high anyway.

Brent Leffel:

Yeah. I mean, so in fitness, the key is to, to make the experience in elastic, just so that, that, that member needs it. And, and, you know, back, I don't know if you remember this, but the, in the early days of crunch, you know, we, I learned that the three, the, probably the three most important words are you look great. You, I remember that we acquire crunch and we had someone checking. This is back in 2005 or some around there. And we were, you know, to get it, buy it, to buy a membership with crunch, he had to get your, we had a fat caliper and you had to get your, and that, that was the best way

to prevent people from ever coming back again. So I think part of this, like the reason for telling the story is you, you want, you want everybody to create that.

Brent Leffel:

And it's about the more that the trainer can focus on, or the group X instructor can focus on creating that like amazing experience where, you know, the, the, the consumer is getting a great result. You know, like fitness fundamentally is people don't like to work out. It's like counter to human behavior, but where they like it, where they feel like they got a good workout, they accomplish something and they get some kind of affirmation. That's the key and, and all this other, you know, regardless of, you know, I think that regardless of if it's in your garage or it's in a gym or it's in whatever, it all comes down to the same kind of foundational elements. And, you know, I don't know if this is off topic from what the point you're making, but I think that's, that's the key to how this all works. And I think it's just the manifestation of that.

Pete Moore:

You know, it's, I haven't actually brought this up yet on any of the podcasts, but if you said to me, okay, a year ago today, I would like everyone to gain on average 24 pounds. So when I am allowed to sell them a membership, I know that they will want to lose weight because they had that 24 pounds off. And they've aggregated that at two pounds a month over the pandemic. If that's not a reason to say, Hey, I can actually show you results where some clubs are on a self-serve model and God bless them because they brought in planet. And some of these other low-cost operators have gotten 16, 17 million people off the couch, but once you've gotten into that, and you're, you're not intimidated by going into a club. Well, that's great. I can, I can actually guarantee you, you will lose 24 pounds, that that's a given. And, and to your point, the price of that 24 pounds to the average person is worth thousands of dollars. Yet we're charging him a couple of hundred dollars and there's no initiation fee. And your first month free, like we got to get rid of all that nonsense. Cause anytime you want anything else in life, you have to pay for it.

Brent Leffel:

Yeah. And it goes back to this whole, inelasticity like, you know, once you and that, that's why I don't remember the exact stat, but the, the lifetime value of a health club member that does either personal trainer takes classes is significantly greater than someone that doesn't. And, and, you know, it's, it's because of that, it's because you're, you're delivering that result. And look, the other thing that I've been thinking about a lot is the convergence of, or nutrition, right? Like you can, you can, out-train your fork, it's impossible. You just, it doesn't work. Right. And I think that more and more everybody that gained 24 pounds, you know, it's, it's pretty simple. It's like, well, you multiply that by how many calories, you know, in a pound. And then, you know, it's math, right. And I think that more and more, there's going to be convergence.

Brent Leffel:

We had a business maybe called Dodge fit, which was just a fantastic guy, Neil sprues. And that was basically selling that program and supplements through trainers. And that's, that's such an important part of this. And it's also the education of the deliverers, which are the trainers. And it's, it's really like, Hey, I get started. I'm a certified personal trainer. I, I think that over time, that's your, there should be a nutritional component because what I found, you know, a hundred percent of the consumer thinks that their trainer knows a lot about nutrition and the number of trainers they probably know, you know, it's

probably less than 20%. It's just, it's a gap. And that's one of the things that they create some result. And it creates a that you look great. Yeah. I know you worked out for an hour, but you're, you're eating, right. Because you, you know what you're doing or you're, you know, whatever it may be. Yeah.

Pete Moore:

So in closing here, you got any good business quotes or personal quotes for us.

Brent Leffel:

Yeah. My, you know, my best business quote is such a simple one. And, and I think you, you remember one of my business partners at Angelo Gordon, a guy that we did a supermarket deal with named Jim Demi, who I, he was amazing. He, he unfortunately passed away a few years ago. He said, used to say something, two simple things. He used to say, great plans get great results. That's as simple as it is. And he also used to say, figure out what's good before you determine it's bad. And going back to the beginning of this conversation, I think that, you know, as I've learned over time, that's the key is when you go into a situation, you know my instinct years ago was just, you know, a little scorched earth and it's like, Hey, let's figure out what's good because that surprises you to the positive, you know, a negative and another thing that I've adopted, you know, with some of our team, you know, over the past year or so is whatever comes into your head, needs to come out of your mouth. You know, meaning that there's no, you know, you got to speak your mind and you got to, you know, with, with our business. Cause there's, you know, the only bad question is when it doesn't get asked. So, you know, he asked me for one and I gave you a three.

Pete Moore:

Oh, I love it. That's great. That's great. All right, man, to look forward to seeing you in person down in Newport, as well as I'm assuming, we'll see you down in Dallas for the IHRSA event and join the TRX live training. Will you be there?

Brent Leffel:

Absolutely. And thank you both for having me. I was I was excited to get finally get the invite and, and has been a lot of fun. Thank you.

Pete Moore:

Everybody's everyone's background, there was a podcast on a couple of years ago, but it was not for the airwaves. So it would be the archives.

Brent Leffel:

A hidden, hidden leg for those choosing ones? We, we for five years, what were we neighbors for five years at 22 west 52nd or west 15th street in Manhattan. Yeah. And I think the confidentiality agreement that we have, we were both much younger than that's an evergreen confidentiality agreements in place stays in place.

Pete Moore:

So if you ever lived next to me, anyone on this podcast and you have a balcony and there's a wall between it don't think I can't scale it because I'll get there.

Brent Leffel:

I can validate that!

Pete Moore:

Thanks for your socks and your Wi-Fi and for your contributions to the industry on a serious note.

Thanks guys.

Speaker 4:

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