



**Complete Transcript: HALO Talks with Bob Stauble
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Pete Moore:

This is your host, Pete Moore. And I am pleased and humbled to announce the launch of my one and only book titled *Time to Win Again*, 50 takeaways from playing and watching team sports to guarantee your business success. Those of you who know me personally, and anyone who's listening to halo talks or any length of time, know that I am an avid sports fan and a big believer in the value of team sports. What I've seen over the past 25 years, helping businesses grow raising capital, being an entrepreneur myself in coaching and mentoring executives in the sector. It's the lessons learned on the field perfectly apply to business entrepreneurs, executives, managers, you name it. Every company that's a strong company has got a good team. So quick read. There's also illustrations in there from our good friend market cruelty free cartoons. If you go to integrity, sq.com, enter your email address, and we will send you information on the book and the entrepreneurs survival kit as well. Be great. Take names go halo.

Pete Moore:

This is Pete Moore on halo talks NYC. I had the pleasure of having a long-term friend of mine and in the health club industry, one of my first friends in the sector from the early two thousands coming in from Plymouth, mass. He needs no introduction, but we'll give him one pop star. We'll get to see

Bob Stauble:

You. Hello, how are you?

Pete Moore:

Awesome. So, uh, you've been in the, uh, in the cross section of, uh, of health clubs and, and healthcare and medical fitness for a long time. So you want to give our listeners the couple that don't know you, uh, your background, and then we're going to talk about the next evolution of tele-health and preventative medicine.

Bob Stauble:

Sure. I think I started up health tracks as a co-founder around 1980, and we were traditional Ursa clubs for, for at least 10, 15 years. Um, but we, but I, I always had a strong science background and we did a lot of work with, uh, corporate sales where we could get big companies to pay attention that our fitness programs were a little more science-based than a typical gym or Gold's gym or whatever. And, uh, in fact, one of our early vice presidents for corporate sales was Dave Pickering who went on to create the international fitness club network as part of Ursa. So that was really a spinoff of health tracks. And, um,

then a 20 year veteran of health tracks, mark Korea joined him about 15 years ago and they morphed into of a wellness company, a corporate wellness, and they sold to Virgin pulse not too long ago.

Bob Stauble:

So that kind of that corporate science background, um, led us to look beyond health clubs. And we got into the corporate healthcare world in the early nineties, and we bought a company called Workfit and we would put athletic trainers into Boeing, general motors, general electric, and they were really musculoskeletal health coaches. So a lot of these big companies have their wellness providers doing cardio-metabolic wellness. I like to call it, but they were not very good at musculoskeletal wellness. And we would embed a full-time athletic trainer, you know, in the work site. And we did several, uh, healthcare related, uh, including physical therapy centers that we had ownership. And so I was kind of at health tracks, a serial entrepreneur, starting division, selling some off, keeping others. And, you know, for the last 20 years in health tracks, I forged a lot of relationships with large hospital systems to build wellness centers, which were medical office buildings with a gym inside, you know, integrated.

Bob Stauble:

So I worked with big systems like Johns Hopkins, where we would be an equity partner in the real estate and the fitness center. And, and that, that is, you know, even more exposure to, um, healthcare. So, um, th we ha we always had a health tracks, a small division for health coaching women's division called health assessed, and that Marc Ray was running that and he went off and joined Dave. And I didn't build that because I saw that as a sinking ship industry, it grew to \$8 billion, the corporate wellness industry selling to employers, whether they're for-profit or not-for-profit, and, uh, it's stuck, it's shrinking, it's a red ocean world of, you know, low margins. And the CFOs are waking up that there is no return on investment investment that having a wellness program for your employees is the right thing to do, but it should be voluntary where a lot of companies were throwing \$2,000 incentives and forcing employees to do wellness that they didn't even want to do.

Bob Stauble:

And there was no claims cost ROI. So, um, probably about 15 years ago, when, uh, before Obamacare, there was the emergence in Medicare of, um, you have your ACO accountable care organizations. Those are really networks of providers that go at risk with the government to thumb small extent, but they're at risk. So, um, when ACS first emerged a lot of the corporate, uh, they said we're in the population health management business, you know, so it's, it's a B2B to sell into an ACO and then help them manage population health. So employers are populations. So what all the wellness companies did about 15 years ago, including my division, we kind of rebranded ourselves. We're not corporate wellness anymore. We're population health management companies that help with employer populations instead of Medicare populations. And the problem was that population health is about people who have health problems.

Bob Stauble:

So the, this term early intervention would be like pre-diabetes or chronic, low back pain, um, early stage arthritis, you know, um, before they get really expensive, but you have a health problem where wellness just tries to keep you out of ever having a health problem. And there's almost no market for that. There's no ROI. People are not that motivated when they don't have a problem, but if you move down stream a little bit, and what I learned in healthcare as they call it upstream and downstream care way downstream is, is, you know, an intensive care unit in the hospital and upstream is primary care, further

up is fitness and wellness. So somewhere between wellness and prevention and primary care is this early intervention world is mostly, self-care some physician intervention sometimes, et cetera. So, um, that that's what the wellness industry should have done, but they didn't, they just said their population health and they didn't do anything for that next, you know, bend in the river. Right. So

Pete Moore:

Let me ask you, let me ask you this question. You know, you've been doing this, I've been doing this 21 years. You've been doing this longer than I have. When are we finally at a tipping point where people get it? Um, I feel like it made sense when we started, when I first met you at health tracks, Hey, let, let's get people working out. Let's start to monitor what they're doing. Um, let's put some incentives in place. Has COVID finally turned the tide to the point where prevention is, is understood as a place to invest. Not at all, not even close. What do we got to do to, to, to, to change that? Or is it just still like a misalignment of incentives with healthcare companies that are trying to increase your premiums without telling you what things cost and companies try to mitigate it almost like in a black

Bob Stauble:

Box? No, it's really well where, where that led me is that the third phase of the industry is when that didn't work because they weren't population health management. They went back and they renamed themselves were now wellbeing, competence, and that isn't working at all. That's a failure too. And so when you look at the target audience, by the way, I'm sure you use a lot in these webinars. You know, B2B and B2C, the corporate wellness world is called B to B, to C. You have to look like a consumer app, you know, for remote care or coaching, whatever, because ultimately the employees it's voluntary. They're not forced to do it, but they don't pay for it. So B to B to C is you have to sell, sell yourself twice first to the employer to first of all, pay for it. And second of all, force the HR department to promote the wellness oriented or upstream activities to their employees.

Bob Stauble:

And then once the employees go to your website and are thinking about it, it has to be a really interactive website. It's got to be sticky. It's got to, you know, um, the co if there's life coaching, the coaches have to be very personable and well-trained in, you know, coaching technology. So the problem is the return on it. There is no return on investment in wellness. I'm the guru up there. Debunking wellness Smith's is Al Lewis and his company's called Quizzify. It's kind of an alternative wellness company, it's health education. And he he's offering, um, a \$2 million reward. If any corporate wellness company can show \$1 return on investment on claims costs, they'll give them \$2 million.

Pete Moore:

And how long has he had that bed outstanding?

Bob Stauble:

About six years at one, it was 1 million about three or two years ago. You up to 2 million and nobody's even applied for it. Um, wow. So, so by going a little downstream, it's still lifestyle modification. It's it's diet, exercise, stress management, sleep, uh, et cetera, mindfulness training, but you're targeting a specific health problem of bad back, high blood sugar that isn't quite diabetes yet. Those same lifestyle interventions become your wellness program. So anyone who signs up for your science project, you know, using them as the project and you fix them, then their maintenance program looks just like what Virgin pulse would have offered you up front. The problem is they weren't motivated to do it, and they

didn't have claims costs. So the CFOs are the targets. So it has not, the CFOs simply looked and say, um, all the costs of prevention and wellness deficits, not doing it, come in your seventies and eighties. Why would we want to spend a lot of money on our employees? So the government Medicare can save money later. You know, so that's the problem is that wellness and prevention takes a long time before it shows up in big claims costs. Got it.

Pete Moore:

So where have you been spending your time, you know, on the early intervention side, either with companies that you feel are gonna make a difference or some of the tele-health and then who pays for it and the where's the equity opportunity. If you're a venture capital firm, how do you kind of slice through? And I use this term all the time. So people are probably sick of it, but, you know, experience is what you get when you don't get what you want. So you basically have seen everything that's been tried. You kind of see where the blue ocean is, and you can probably walk someone right up to, you know, the, the shoreline here. So what, what does a shoreline look like for you if, uh, a venture firm hired you and said, Hey, go find me the, the, the silver bullet, you know, what, what are those silver bullets look

Bob Stauble:

Like? Yeah. And you mentioned the COVID thing that, that made the whole idea of telehealth and remote care that health coaching companies have been doing for years, but now it's mainstream in medicine. So it's accepted that you can get 95% efficacy with almost any healthcare or prevention or wellness interventions remotely. So that means there's huge opportunities to get into. Let's just call it the blue ocean I'm talking about is, um, population health management aimed at early interventions instead of just prevention, right? So it's so much more scalable and affordable. So that's the blue ocean is really going to, um, and I guess I start with finding a company that has some kind of true disruptive science, like I believe, um, gut health and, you know, prebiotics and probiotics is true. Breakthrough science. I think Kita genic nutrition is breakthrough science. You know, there's a few of them out there, um, full kinetic chain, postural therapy.

Bob Stauble:

I worked with a company, uh, still do with that. So finding breakthrough science that will take years to be covered by Medicare and selling it to a population that doesn't need insurance codes. So my expertise is let's take your science, let's forget about getting it an Aetna or getting it into, you know, Medicaid or Medicare let's target populations. And so, for example, um, the company, I mentioned a minute ago, pastoral therapies called PTX therapy. So I helped them raise money, organized their company, strategically distinguished themselves, et cetera. And now I'm moved on to an advisory role, but I was almost full-time for a while. So that's what I'm doing these days. And, um, so target audiences of something like that. Again, it's a business either buying your product or being a distributor to their population. So that, that, first of all, it could be sold to corporations where the employees would have no pay.

Bob Stauble:

You could sell PTX therapy to all the health clubs in the country. So they could say, we have not only traditional exercise prescription for fitness, but we now have a corrective exercise program that started mostly at home. And you do this augment your personal training program. And the club chain could cut in and the member could get a discount over retail, and then it could be revenue sharing. That's a B2B to

C again, that the main sale is to the club chain, go into nursing, home chains, you know, senior living and getting them either resell it to their residents as an add on sale. Like they do other things or give it away for free, um, something like PTX therapy or a nutritional program, and then just up their rents. So whether a health club gave it for free and up their dues to distinguish themselves from health clubs that don't have corrective exercise or a nursing home, et cetera. So it's, it's up to the it's up to the client, but the real sale is going to population health managers who already have a population, could be health club members, nursing, home residents, or employees, and saying, Hey, I've got something new. That's very, cost-effective, win-win win. Um, that's the sale. So that that's really the blue ocean.

Pete Moore:

Yeah. I'm looking at P P PTX therapy. So this is basically to endure muscle and joint pain guaranteed. Uh, so, so they're taking these videos and their app and they be willing to private label that into the health club operator. You know, New York sports clubs could potentially add this to their app. Gotcha. Yep. Got it. And then w w how does a company like this? Are they charging a per member active user per member per month? Or has how's this Peppa model work?

Bob Stauble:

That's been the traditional one, but this particular therapy works so fast. Um, most people, that's why it's guaranteed. Uh, the guarantee is more to go to the corporation and say, if we don't lower, your musculoskeletal claims costs in the first year, by, in excess of our, in double R what you pay for us. So a company might pay a PTX 20 grand, and we're saying, if you don't, if we don't save you 40 grand in the first year, we owe you the difference back. That's a guarantee and a health club that would be, you know, guaranteed that members will be back personal training where their, you know, shoulder was acting up, but it works so fast. That's PTX we'll probably go to more of a program fee like a sick eight week program for say, 200 hours. Right. And then that would be, you know, on, on a retail site, the member gets it for one 50 and then the club might share, you know, um, two thirds of that and, uh, get 50 and PTX keeps a hundred, something like that.

Bob Stauble:

That would be an example of a, uh, economic business model. That would be win-win. The member got a discount. The club got some revenues, PTX made some money, but more important for the club than the was to be able to add, to try to affect your closing rate over your competition. We all have good personal trainers. We all know how to do an exercise prescription for fitness. What our competition isn't good at is if you have chronic shoulder back knee problems that act up, and they take you out of your personal training program, we can get you back in with PTX therapy. It's a corrective exercise program. So

Pete Moore:

If you were, if you were redoing the programming inside of a, of a traditional health club, because a lot of the listeners that we have here are health club operators that are rethinking their business over the last year. Some of them are doing a lot of outdoor workouts. Some of them are putting in some projector, screens and running, um, cycling classes, you know, using interactive, you know, projectors and technology, instead of having, you know, trying to hire, uh, a great spin instructor that might no longer be, you know, living in that area, you know, do you see something like a PTX therapy where inside of a health club, they should have different areas where, you know, maybe it's not, Hey, I got to get that personal trainer because they have this knowledge base. But look, I'm going to give you an area. Here's

a couple of, you know, pieces of equipment or, um, you know, a TRX strap or what have you and say, look, here's, here's the program, this is the best program that's out there. Here's an area that you could do it. You could do it at your home. You could do it inside the club. Would you kind of, fractionalize a club to say, okay, here's all the problems that you can have. And here's all the areas that we can help you fix. Whatever's bothering

Bob Stauble:

You. Yeah. Backing up a little. That would be the ultimate to have a option. You can do this at home remotely or in the club that that's the best, but backing up what I would do if I was back in the business would be, um, I would have a corrective exercise program like DTX and I wouldn't be exclusive. I might have two of them. Um, I'd have a nutritional program that was again, remote. I would have a sleep program. I would have a mindfulness program at least, you know, those several options. And it can even be a drop sell where they don't buy the membership, but they buy that product that, you know, at the discount anyway, and they become a virtual member. And you can say, we have two clubs in one, we have our virtual club, we have our bricks and mortar club, and you get two clubs for the price of one built in your membership dues.

Bob Stauble:

It also allows you to do those, uh, prep programs, physician referred exercise, go out to the physician world and safety, send someone down to the club. Yeah, we have the six weeks for \$60 program, but we also have DTX therapy for pastoral therapy. And your patient may not leave with a membership, but we have lots of other things. So I would do it for strategic distinction. And if I can get some revenue shares, that would be great. But with nutrition, if there were some supplements that they could order them online, or you'd have a display in the club, PTX therapy does sell postered furniture. In other words, you can do everything. You know what coffee tables, chairs against a wall, but a little section of the club would be, uh, you know, a cube and a poster cube to, to re, to simulate a coffee table and blah, blah, blah.

Bob Stauble:

So you set up a little section where if you forgot to do it at home, you could go do it on your own, down the hall. And, um, so yes, I would integrate the ones that could be bricks and clicks. Those would be the best ones for the club industry. Cause it was a physical, whether it was a few supplements on a shelf, even if almost no one ever bought the supplements from you because they bought them online. It's still, it's, it's something tangible. And the same with PTX, even if almost no one used the, uh, equipment down the hall, um, in a stretching area, it's still, there'd be assigned. Ask us about postural therapy. You know, it's just great marketing and club to have a physical presence of these virtual programs. Yeah.

Pete Moore:

So one of the things that I think most club operators get anxiety about is that they get hit with so many different new programs, so many different new pieces of equipment that there's really no one out there that helps them properly prioritize the investment. It's sometimes, Hey, I got a great relationship with this sales rep. So I'm going to put in an Olympic squat machine, but maybe they should be putting in something else based on what the market demand is. Are you in a position now, you know, where you, where you understand all these different technologies, you can prioritize it and you can almost be, you know, like a tastemaker, if you will to say, Hey, look, you got X amount of square feet, or you got X amount of new initiatives. You know, let me come in. Whether that's, you know, integrity, square and,

and your entity to say, look here, here's kind of what you need to know about. Um, workout recovery has been around for three or four years now, and there are still groups that are calling us up saying, Hey, you think I should put it in an infrared sauna? Yeah, of course you should put an infrared sauna. Should I get some NormaTec compression? Yeah. Like that's, you should have done that two years ago. So what, what, what role in closing here, can you help people play in, in making the right purchase decisions or making the right programming decisions?

Bob Stauble:

Well, the, the main role, um, and you, you and I talked about doing this for startups, is the vendors trying to sell into the club industry or employers. We, we can help them, uh, get into the industry. And in that regards, um, they're paying us not the club as a consultant, but I do do some roles where just as the management consultant on an hourly or a block of time basis could do a, you know, more gap analysis, you know, of the operations, the fitness club operations. But my, my specialty would not necessarily, should you have the infrared saunas? I think there's industry experts out there saying, go do them. I'd say, now everybody's doing that. Why don't, you know, recovery is more about, you know, the mind recovering too and slowing down your metabolism. So let's have some mindfulness app that you sponsor and let's integrate it and have a little sign outside of the inference.

Bob Stauble:

So that's the main area would be the, the, um, the bricks and clicks. It would be the, the remote care that can have, can be integrated with the physical plant things. And again, the main return on investment is that we're two clubs for the price of one. We have the virtual club and we have the bricks and mortar, but there can be revenue streams for most of these apps as well. So, um, so yes, I could do some kind of feasibility study make recommendations as a consultant, or we could just go in and promote specific vendors that we think are trying to break into the club industry. Then the, the vendor would be paying us, uh, integrity, uh, square and me to, uh, to get them in the industry, but the industry, but also hire us to help select the vendors. You know, so we're really that liaison between the, the buyer and the seller.

Pete Moore:

So, so Bob gave me a great book recommendation. I got it right here. So plate play bigger, how pirates dreamers and innovators create and dominate markets was one of Bob's a book referrals, which is, which is awesome. And open up my mind to take an even bigger than that we already do, which is, which is pretty big. Um, but what other, uh, you got any good quotes here and closing or other books that entrepreneurs in, in our sector should, should make sure they don't miss this year.

Bob Stauble:

One thing I'd recommend, uh, is I was a member of, uh, have you heard of the executive round tables? Vistage group? Yeah. I've heard of it. Yeah. So that's like joining a Rex round table, but instead of flying around the country with other club owners, it's different industries and to just meet with a local Vistage chair and say, what books have you reviewed that may have some of the best operating, you know, they keep up with, because Vistage is a huge organization. So they keep up with, you know, doing book reviews. I was a member of a Rex round table as well, but it's, it's, it's just in terms of books, et cetera. So I, I, I don't have a lot of specifics, but I just wanted to, in general, that would be a resource for it's like, it's like joining a Rex round table, but it's local and it's multi-industry so you get all kinds of, you know, grab a place

Pete Moore:

To other people. What they're dealing with in different industries. You definitely learn a lot. Or I was in a, um, I was in a, uh, fitness equipment retailer, and I was like, have you guys ever gone into a restoration hardware? Like, you might want to go look at what other people are doing in other industries before you let someone walk into this place that looks more of like a warehouse, uh, make it an experience and have people view that they could actually live here. And that's the whole restoration hardware, you know, it's not price tags and it's not furniture on top of each other. It's actually a room and, and you select it there. So I agree with you looking at other industries is definitely the way to remanufacture. Good idea.

Bob Stauble:

Yeah. The last book we were looking at together in the Vistage group before I left, it was more, an operations play bigger is about strategy, but operations was a book by John Doerr. He was the original investor in Google, a 10 million in for about 10% of the company when they were small. But his condition was, let me bring in this management system that I learned from Oracle, no Intel, I'm sorry, Intel from Andy Grove, who is probably second place for, you know, manager of the century to Jack Welch. Um, but anyway, it's, it's measure what matters and it's about these, okay, ours, these objectives and key results, but it's really, really strong and it could apply to clubs very easily. Um, yeah.

Pete Moore:

Uh, yeah, let's get together in person, Dave, put it in the show notes, some of these book suggestions and, uh, look forward to seeing you, we're going to actually be up in Massachusetts, um, early August. So maybe you can come to this event with us. Uh, we'll tell you about it once we get affirmed up for August start, but, um, good to reconnect with you and, uh, let's start helping more and more people. And a lot of these technologies are out there. They're proven now we just got to get them commercialized. So love what you're doing and, uh, let's, let's help each other out and make it happen. All right. Thanks for having me appreciate some, all right, man. Have a great one.