



**Complete Transcript: HALO Talks with Erick Donaldson
Posted December 21, 2021**

Pete Moore:

This is your host, Pete Moore. And I am pleased and humbled to announce the launch of my one and only book, Time to win again, 52 takeaways from playing and watching team sports to ensure your business success.

Pete Moore:

Those of you who know me personally, and anyone who listens to halo talks for 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, and coaching and mentoring executive 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. It's a quick read. There's awesome illustrations in there from our good friend, Mark Cruelty free tunes. 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 on location Dallas. Finally, in person bringing you Eric Donaldson, Tulsa, Oklahoma. We're going to talk about boxing. We're going to talk about being an entrepreneur. We're going to talk about fighting through a pandemic and coming out the other side. So welcome to

Erick Donaldson:

The show. Thank you. Glad to be here. It's an honor

Pete Moore:

Give us a little background from Detroit, how you got to Tulsa, how you got into the industry and we'll riff from there.

Erick Donaldson:

Yeah, for sure. So actually my parents moved me to Tulsa, Oklahoma when I was 16 years old. They moved to Tulsa to go to ministry school. So I was kicking and screaming all the way down to Tulsa.

Pete Moore:

Sure. Leave it leaving in high school is not like the easiest for transition

Erick Donaldson:

Junior in high school. Oh, wow. So that was pretty tough for me. But went to school there. I was a baseball player. Got a scholarship to oral Roberts university. Oh, nice. Congrats what position you play? Center field. Oh, wow. Center field

Pete Moore:

Got wheels. I used to play catcher so I didn't have to run. Oh

Erick Donaldson:

Yeah. I was a little speedster back then. Nice. So that's back in thousand. I played for a couple years there. Went free agent. Didn't get drafted to Pensacola pelicans in Pensacola, Florida played there a few years. Wow. So I never thought I'd do anything besides play baseball. Of course, every athlete's dream. Right. so

Pete Moore:

I'm still undrafted as I tell people,

Erick Donaldson:

Right. Same here. So went back the school to finish my degree. Okay. at or Roberts at ORU took my first job out of college in Dallas, Texas was a general contractor for a little while realized that that wasn't for me went to Allstate school, started an Allstate agency realized, you know, that wasn't for me and I've always enjoyed working out. So I was in a basketball league in Dallas and we were making a playoff playing with a bunch of D league basketball players. And I tear my Achilles. Oh, so I'm outta work. I'm I can't walk for six months now. I'm thinking, what am I going to do? It's a rough one. So after physical therapy, getting back on my feet, I found a, a gym to work out in a boxing club. And I thought, man, I, I really enjoyed it. So I kind of found, fell in love with boxing.

Pete Moore:

You, I actually realize that there's a profession that you get paid, right. To do something you like, you enjoy

Erick Donaldson:

Doing it. Right. I didn't actually want to fight, you know, I just enjoy the workout and thought man, many people, you know, enjoy this as well. Yeah. You know, so I moved back to Tulsa and started, you know, the same boxing club. I worked out there for a while, ended up buying the club and then rebrand. Gotcha.

Pete Moore:

So when you took a look at how long did to take you to understand that, Hey, yeah, I, I could run this business or, or what gave you that confidence or how long did you kind of hang around the hoop and say, right, I get this now.

Erick Donaldson:

Yeah. I, I worked out there for maybe a year or so and thought, man, I, I really enjoy the industry. Enjoy the people. You know, I thought this is something that is a good fit for me. So it didn't take long. I was

always had the entrepreneurial spirit. Mm-Hmm <affirmative>, you know, I went through multiple businesses, you know, from owning the trucking business, to being a freight broker to, you know, I've done quite a bit of, of stuff. Just because I had the entrepreneurial bug just wanted to try everything,

Pete Moore:

You know? Well, this not easily eradicated from the body. I think once you get it, it's kind of a, it's a long term disease or a long term superpower. Whichever which one you, whichever one you decide, I think is the superpower actually, for sure. So what are some of the things when you started that you were like, oh wow. Like this is harder than I thought it was. Or, you know, I got to put my sales and marketing cap on. And what, what are some of the things that struck you as like, about this business that you said, okay. Hmm. You know, I got to, I got to learn this really quick.

Erick Donaldson:

Yeah. So I, so I, I came into it fresh not knowing anything about the fitness industry. I didn't know the flows, the seasons, you know, the ups and downs of financially. And then just dealing with the people trainers are different breed. Yep. If you've been the industry, you, you know, for sure what I'm talking about. So really just learning the trainer's mindset, you know, they're really entrepreneurial as well, you know, so learning how to, to manage, manage that in the gym is, is big. Plus, do

Pete Moore:

You think over the last, you know, 18 months when you're going through the pandemic I'm assuming Oklahoma had a reasonable, you know, pro-business stance. Did you see a number of your trainers kind of going on Instagram and going on Facebook live and going direct. And how do you think about now kind of the relationship that you have with your member versus the relationship they have with one of the trainers that work for you and how do you think about that evolving over time? <Affirmative>

Erick Donaldson:

Yeah, so the, the trainers, they definitely found a niche online. Yeah. You know, they carved out a niche from, you know, one on one training, people inviting them, you know, to do personal training at the house or anything that, you know, during the pandemic, since the gym was closed down for quite a bit, you know, they had time to, you know, be able to clientele up. But one thing I think they learned it is that it's a business mm-hmm, <affirmative>, you know, it's complete business, you got to market, you know, you got to do all the things that a businessman would do. You know? So having that foundation, your box location, you know, only helps them only benefits them because, you know, we're, we're drawing people, you know, every day into the club, you know, to put in front of them. So. Right.

Pete Moore:

Yeah. I think some people underestimate the relationship that someone has with the location versus the relationship they have with a trainer. And if that is portable or not, and like who, who really owns the, the relationship, ideally, it's almost like co-owned right by the, the personal trainer and that personal trainer is well paid, incentivized and aligned with you as the owner. Mm-Hmm <affirmative> to the point where, Hey, look, you're not trying to take this member, you know, and, and, and train them on your own. Right. And I'm not trying to dis intermediate you from that relationship. I'm like trust thing that you're going to be a conduit and a, a force in the relationship and not a an obstacle to it. So, so as you think about adding new locations I know you're thinking about doing a, a, a growth equity raise right

now. What's giving you the confidence to say, Hey, look, this, this location I have right now, this thing could run without me physically there a hundred percent of the time.

Erick Donaldson:

Yeah. I totally am an advocate for trainers. You know, I believe in their, their spirit, their entrepreneurial spirits. And I treat, 'em just like, they're, you know, NBA draft picks or, you know, major league baseball players. That's, I'm just the owner, you know, giving them that platform. And that's what I want to do. I mean, I think if you have that mindset and not try to control your, your people, I think you'll, you'll be successful and you know, less stressful. So I'm really confident. And right now trainers are the new, you know, marketing marketers, you know, they're in they're influencers on Instagram, you know, they, they are becoming that business, you know, but when they have the backing, you know, of an actual location, it only elevates them.

Pete Moore:

I want to take a minute and tell our audience about two awesome workout recovery products I've been using for the last 18 months from higher dose.com leader in infrared technology for athletes, like all of us, or we're an investor in the company. That's not why I'm telling you this. I'm telling you this because it works. You got an infrared sauna blanket. I hop in there, I'll listen to some podcast, burn 800 calories, get a mad detox and a P E M F, which is a post electromagnetic field crystal mat that I lay on. And I recalibrate my cells to the normalize level, the earth. If you got somebody you like, and you're looking for a pretty awesome gift, they will love it. You could use this code halo 75 gets \$75 off, and you will not be disappointed higher dose.com promo code halo 75. And now let's get back to our regularly scheduled program. So from a standpoint of the new location, that you're, that you're going to open at some point, do you have certain trainers that you've identified already to say, Hey, look, you, you guys are my like advanced team. You're going to the next location. And then, you know, you're basically building a bench of athletes, you know, to grow

Erick Donaldson:

Well. That's pretty much how you, how you have to look at it. You don't know if people want to travel and go to different locations or not, you know, but every location has its influencers and trainers. And you kind of, you know, can go on Instagram and recruit, you know, wherever, you know, you're trying to put your next location. It's pretty easy to find them now. They're all over social media, you know, it's, it's a good point. It's not hard at all. Yeah.

Pete Moore:

So tell us a little more about 99 boxing, you know, how does that stand up against some of the other boutique fitness operators are out there and then tell us about Tulsa in general, just what the, the competitive landscape look like looks like.

Erick Donaldson:

Yeah. So 99 boxing our slogan is you got 99 problems. What boxing they want. So I like

Pete Moore:

That. I like that song too, but the way you're

Erick Donaldson:

Right. Everyone who comes to our gym, they have different background, different issues. They come to hit something, they have stress relief, they want to get off their chest, whatever it is, you know, we want to be a safe place for them to come and work out and, you know, and, and get away from, you know, the daily issues of life or at least 60 minutes or 50 minutes, however long they so Tulsa is a different kind of market. We don't have, there's not many boxing gyms in Tulsa. Our competition is more of Euro orange theory, your cycle bar. But I don't really see 'em as a, as a competition, you know, everyone in the boutique space, they, you know, di and dabbling different, you know, it areas all the time. You know, they may go to cycle bar here, they go to lifetime another gym. We, all of our members have dual memberships. And so

Pete Moore:

That's, yeah, I thought that was something that was really interesting. We we've done a number of investment advisory deals with the orange theories and one of the investment groups that did one of the deals, they did a d member survey and it turned out that 42% of the members of these 35 orange theory clubs also had a membership either outta health club or to another studio. So it kind of got to point where I look at it and say, I'm not sure the attrition and the retention is as important as being on the circuit. So, I mean, I've been a member of 10 different health clubs in 10 years, right? So I'm a hundred percent attrition in the industry yet I'm zero attrition from the industry. I'm, I'm a hundred percent attrition in each one of those health club. It's on like a member.

Pete Moore:

Gotcha. A drop. And then I'm a, but I I've never left the industry. Right. I've always had some health go membership. So I wonder if, when you think about boxing and saying, Hey, look, if somebody wants to box, like, I'm, I'm the, the, the best in class of this. And then if they want to go and try orange theory for six months and tell a friend to go box, like I'll, I'll, I'll pick up their friend. And then when they roll off orange theory, I'll, I'll get 'em back. You know, is there a mindset of thinking about like data differently or thinking about ad drops and maybe letting somebody go on their way and be like, Hey dude, you are awesome member. You crushed it, go try something else and come back and tell people that this place is awesome. Is that a way to think about it now?

Erick Donaldson:

Kind of we, we still pay attention to our retention in a big way, just because we, we really want to form that social networking group. That's a big deal. People knowing each other, you know, is huge for us. So I, I, I don't look at retention quite like that, you know, I I'm like, please that <laugh> you.

Pete Moore:

Yeah, yeah, yeah, no, I hear you. I was going to, I want to give you a contrary view because if you are the best place in Tulsa, you know, you can't expect someone to just box for five years, straight, 10 years straight. Right. You know, and they might want to mix it up. But being the best of what you do, there's something to be said for that, that you're going to benefit from that. Whether, you know, I'm the person in that class or someone else is taking my spot in the class.

Erick Donaldson:

So one reason we do want the seat round is because we have identified that most of our, our, our clients do go to a box gym, you know, to lift weights. Gotcha. We really, we really want to add a weight room attached to our boxing gym, a full service weight

Pete Moore:

Room. So you want to basically turn someone into like a full-time member instead of just a class. Yes.

Erick Donaldson:

Really luxury upscale. So upscale weight room. So we'll be boutique plus, you know, if that's even a different, how

Pete Moore:

Much additional square

Erick Donaldson:

Footage, about 4,000 square feet.

Pete Moore:

Got it. And is there an adjacent space next to your current location to do that right next door? Oh,

Erick Donaldson:

There is. Okay. So we can attach both pretty seamlessly.

Pete Moore:

So I got some buddies in Tulsa. I'm going to introduce you to after this awesome. Related to the, to the seed round. Yeah. Talk about, you know, what your management style is. It sounds like it's very kind of hands off, you know, and like, you know, optimize the, the, the personnel, but as you continue to grow this business, you know, what do you think your strengths are? What do you think the next set of hires will be at the corporate level to say, Hey, this is what I'm really good at. I think most entrepreneurs say, look, this is what I'm really good at. And I need somebody else to do that.

Erick Donaldson:

Oh, no doubt. How do you think about that? I definitely know my weaknesses. I'm your typical, you know, entrepreneur VI very visionary. So the detail work is something that we definitely hire someone to manage the day to day operations, you know, from nine to eight, whenever we're open that, that is definitely what we look for day long and, and a good person. It is a fun, you know, environment fitness is fun, you know, it shouldn't be, you know, like have a corporate field to it. You should enjoy what you do, be passionate about, you know, the industry and helping people. And that's what it's all about.

Pete Moore:

Cool. So ideally you get the seed round, done, build a couple locations in Tulsa, you know, what do you think the next path is from there? Is it, is it franchise or is it company owned locations? You know, what's your, what's your gut on where you want to take this?

Erick Donaldson:

Yeah, we really want to do about 20 corporate owned locations and we really like the Texas area here in Dallas. We think it would be great. Yeah. I've been looking around, there's nothing like it, you know, boutique fitness, plus you, you either have boutique boxing or you have traditional boxing, whereas, you

know, and we are a combination of all three of those, you know, we have the boutique style and we also teach sparring as well for those who actually really want to box and we help train them to, you know, actually compete. Gotcha.

Pete Moore:

And is there any affiliations with, you know, whether it's UFC or any kind of MMA or, you know, I don't know, there there's several boxing, boxers that have start up their own location. Some of 'em aren't are didn't, didn't make it through the pandemic. So you see kind of an opening in the boxing, you know, market right now where no doubt.

Erick Donaldson:

I really feel like boxing is wide open.

Pete Moore:

Yeah. I don't disagree with you. Yeah. Which means

Erick Donaldson:

I agree with you and people are falling in love with boxing. I mean, if you saw the fight this weekend between Wilder and

Pete Moore:

Tyson, I saw some of the highlights, man. It looked insane.

Erick Donaldson:

I mean, that really upped the trajectory of, of the sport as well. Yeah. We feel like boxing's back has been back for a few years and it's only getting stronger. Yeah.

Pete Moore:

Agreed. So in closing here of us you got any business quotes or, you know, as, as an athlete, you know, some kind of something that, you know, always sticks in your head or that you, you tell people or, you know, some sense, you know, quotes of wisdom.

Erick Donaldson:

Well, yeah, I mean, we, you know, to be honest, we've tried to do motivational quotes during class. We monthly motivation, you know, and give me a couple top for all those who, who going through the pandemic, you know, the top one is just, don't quit, don't quit, you know, keep going, no matter what, you know, the eyes may feel like they're against you, you know, but tomorrow's always a new day. So stay the path and, you know, keep going. Awesome.

Pete Moore:

All right, man. Well, I appreciate you coming driving down here to meet with us. Look forward to helping you on the on the seed round. We'll put up all your information on the show notes here so we can get in touch with you. We got some contacts in Oklahoma, so we'll, we'll make those intros and welcome officially to the to the halo sector. Awesome. I enjoyed it.

