



**Complete Transcript: HALO Talks with Josh Wheeler
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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, 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 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 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 also 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, halo talks NYC on location, Dallas, Texas, with a good friend of mine for many years. Seasoned operator varsity athlete. <Laugh> Texas family fitness, Joshua Wheeler, the first

Josh Wheeler:

Hi Pete, how are it's? Good to be here.

Pete Moore:

Awesome. So let's go back to our gold gym days and give us your how you got into this industry, how you've been like the chief revenue guy, PT guy, optimizing clubs, and now finally, you know, have your own CEO role.

Josh Wheeler:

Yeah, fantastic. Well going way back to my junior high days, I saw the movie pumping iron gold gym fell in love with the brand, fell in, love the industry and told my parents I wanted to own my own gym and had the opportunity to start at the front desk at gold Jim and CLMA Oregon when Jean Lamont had three gyms and that's where it all started. And Jean Lamont

Pete Moore:

Went legend to the legend gold

Josh Wheeler:

Gym network. Yes, sir. Great mentor of mine. And so 33 years later here, I am CEO at Texas family fitness.

Pete Moore:

So talk about, you know, being inside the golds gym franchise network, talk about, you know, what you did there and, you know, really understanding the unit economics, understanding psychology member and you know, how all the levers work, you know, inside operating a club. Yeah.

Josh Wheeler:

So I had the opportunity to a partner with a gentleman by the name of Steve Appleton, who was the CEO of micron technologies. And we, we bought a gold stream out of bankruptcy in Boise, Idaho. And we grew the gyms to five locations, 40,000 members. And you know, him being the CEO of a fortune 500 company, he expected me to run the gyms accordingly mm-hmm <affirmative>. And my financials were due by the 17th of every month. He had two days to review them with me on the 21st and he knew exactly what he was looking for and, you know, that, that time he probably more than anything on what levers the financial reporting, the acumen. And I don't know that there was any better training grounds for me than the time I spent with Steve. Gotcha.

Pete Moore:

And then you worked out in the gold gyms in, in LA for a while, which is definitely, you know, a hard charging that's right. You know, probably a little more glitz GL and, you know, fast paced sales process. So talk about, yeah, for

Josh Wheeler:

Sure. And I had spent a lot of time with Willie angel or Willie angel when I had the franchises there in Boise and we used to share best practices. And so I knew a lot about them, their culture, their expectations, and we operated very similarly in the markets that I ran and when I had the opportunity to team up with them on the executive team I jumped at it and I, I had a great time there and got along great both with Willie and angel and Brian Morris. And we had a great run a lot of fun and it, it fit my culture and, and the pace. So it was definitely culture that I, that I loved, I enjoyed and I had a good time with.

Pete Moore:

Great. So then you and I connected and, you know, had an intro to the, to the top spin guys who, who own Texas family. Yes, sir. You know, going into a you know, becoming the CEO, you know, one, you're not reporting to anyone else, you know, everyone's reporting to you, right. Obviously you had a lot of training ground and, you know, this was kind of a natural progression, you know, in your career. Yeah. You know, getting involved with the company, it was, it was entrepreneurial led before private equity, you know, probably needed to add some more clubs in order to create like a real true platform and a, and a corporate overhead staff. So talk to, to us about, you know, how you kind of assessed where the

company was when you got involved and what are, you know, the main action steps you took. Sure. You know, right. When you got your sea LUS

Josh Wheeler:

There. Yeah. So the, really any market I go into, the first thing, I'll take a look at really three things, people systems and accountability who are my people do they understand the culture? We'll take a look at what kind of systems are in place. And then what level of accountability. And so the first thing we did, we did some, one on one, spent time talked a lot about expectations. What are you expecting from me? What's fair of me to expect from you. Mm-Hmm <affirmative> we took a look at what systems were currently in place and what systems needed to be in place. And then what level of accountability was currently happened to where it needed to go. So one things we talk a lot about is being system to dependent talent enhanced, and not the other way around, I think in a lot of situations you're dependent on the talent, you lose that talent, you're starting over and there's no system to repeat the result. So going into the partnership with topspin here in Dallas, those are the steps we took, met with people had about 30 days of assessment taking a look at who we had where we needed to upgrade and, but this business in place, and then it comes down to execution.

Pete Moore:

So, you know, you've gone into very fast-paced environments. You've got methodically thought about growth. You and I spent some time together recently, so, you know, I, I get a sense for how you look at new opportunities and yep. You know, there's a methodical way that you've come to be. Yeah. You know, so how do you kind of temper your passion and enthusiasm for, Hey, I want to serve more members. Like I want to open up more location at the same time. I got to understand that my systems and my team mean like my business can only grow at a certain pace. And how have you kind of rebalanced your own, like enthusiasm and reality?

Josh Wheeler:

Yeah, that's, that's a tough one because I've got a big appetite and I think a lot of guys in my shoes also have that big appetite and but you can't grow just to grow. And I think you've got to look at opportunistic. So the opportunities there, you got to be able to, to strike and take advantage of it because you don't want to miss that opportunity. But at the same time, what is the plan? What's the plan? What's the strategy? Are we currently hitting plan? And if we're not, it's going to be very difficult to go back to the well to ask mm-hmm <affirmative>. But if we're staying at plan or ahead of plan and we're continuing on our pace you need to run the play, you continue to check the box and make sure you're ready for those opportunities and always looking. Yeah. But I think you got to be real careful in growing just to grow. Yeah.

Pete Moore:

So, you know, as you drive through north Texas or north Dallas you know, it's like McMansion row or like these new, like 600 0 600, you know, houses popping up there under, up the next four months. Right. So how do you think about, you know, defending your turf at the same time, you know, saying, all right, look if eSport or LA fitness or 24 or so whoever goes into like this market here, you, I'm not going to own every community, but I want to own key communities that I'm willing to pay up for leases mm-hmm <affirmative> because I know that that is going to be the next mean on me. Yep. But that is like the next power center. So how do you think about, you know, when you go to a board meeting and say,

right, here's my ideas. And like, here's what it looks like today, but trust me, like, I, I know what, what five years looks like, and, and this is where we need to be. Yeah.

Josh Wheeler:

So one of the things we did day one was took all of our existing data and we ran it through a software platform that scored site selection. And with those, we, we compared it to the EBIDA contribution to see okay, which clause we're producing, what level of EBIDA. And how did that compare on the score on the site selection? And we were able to back in, I could almost predict exactly based on core well level of EBIDA percentage of our total EBIDA was coming from that location. And so we were real quickly able to back into what a great location looks like for us. So we searched the market. We looked at what pockets matched our best locations, our best contributors. What were the top five personas in that area? What's the 2, 4, 6, 8, 12 minute drive time look like mm-hmm <affirmative>. And then of course, you're going to look at visibility, accessibility, and parking. If those three things don't work, the club's not going to work, but we've been able to really do aisle in on exactly what kind of a score works for us. What kind of a location works for us. And it's, it's been great. So we've been the last few clubs we've opened, we've been ahead of plan and we're right on track.

Pete Moore:

Let me, let me tangent for a second, because in a number of these site selections software platforms, and we work on a lot of different deals. So when somebody set as, Hey, there's like 20 clubs that could be put into this market yet they're selling the data to 10 clubs and it's not a 200 club market. So how do you kind of say, all right, trust the data. Now I'm going to verify what I think. And I'm not just going to go, you know, you say that there's 300, you know, cars going past here, but you forgot that there was no way I exit ramp. Yeah, well, that's,

Josh Wheeler:

That's exactly about, and I think there's been some mistakes that have been made even in our portfolio with, with selection of sites that that situation you, you can't get off the freeway to, to get to the site. So once, once the address scores we'll spend some time, we'll take a look, we'll pull into the parking lot. We'll take, we'll sit there for an hour, two hours. What does it feel like? How easy is it to get in and out of how easy is it to pull into the parking lot? During prime time, is it on the right hand side on the way home? What does competition look like? Shop the competition. And so you, you, you go through your due diligence process. And one of the things that we want to look is how easy is it going to be, to drive guest traffic? Is it going to be an uphill battle every single day to generate a guest? Or is this going to be something where we can capitalize on the natural guest traffic and use that to leverage even more guest traffic,

Pete Moore:

You know, no one's ever said to me, I got this really location next to a whole foods, you know, and no one said it like trader Joe's like, oh, that's, it sucks. You know, like I I'm going to go as far away from there as possible. That's right. Yeah. So, and it's one of the funny things, like when I was back at Brockway Moran, which probably right around when you and I first met mm-hmm <affirmative>, you know, we were talking about site selection and plan. I'm like, why don't you just go like next to every home Depot, they probably did the did figure out like, Hey, there's, there's enough people here to, you know, make a 25 million home Depot where you's probably that could do a three mile hour gold gym. Absolutely. so how important are adjacent tenants and how important going forward, is it to understand

your consumer, what they want and where they're willing to go and who you're next to that kind of like reframes, like what your brand represents? Yeah. I think that goes

Josh Wheeler:

Back to the persona mix of your location. What are the top five personas and, and where do they shop and where do they go after they leave your club? And that's updated that we've been able to pull

Pete Moore:

Tell people what the personas are, just

Josh Wheeler:

Cuz that's, it's interesting how, yeah. So, you know, for example, for us our number one persona might be what we call an F 22 and that to make it easy, that will be your soccer mom. And so we'll take a look at the drive time. And, and what percentage of that drive time consists of that specific persona? What are the top five personas? You know? Oh, 54 is another big persona for us. So we know that this sounds like you game a

Pete Moore:

Battleship right now, now very much. So this is like member battleship. That's right. Take 4 0 50 and, and three half 20 twos and gimme 500 parking spots that 'em off to the races.

Josh Wheeler:

There you go. But yeah, back you a question on the, the magnet effect of some of these other anchor tenants. That's big for us. We just recently opened a club in north Dallas on the corner of Coton Campbell, and we did a presale right across the street right next to sprouts and the traffic that we drafted from that that anchor tunnel was phenomenal. So you're, you're exactly right on the magnet effect of some of these tenants.

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 podcasts, 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 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. Hire dose.com, promo code halo 75. And now let's get back to our regularly scheduled program. So Texas family fitness traditionally been running an H VLP 2.0 yep. Business model. You've gone bigger in locations. We toured some locations that, you know, you you're continuing to expand or probably need to expand. Yep. You know, what is the new prototype look like? What's the square footage, you know? And what, what do you, you expect to see from a membership standpoint?

Josh Wheeler:

Yeah, so we, we, I guess coined the phrase, H V L P HS, a high volume, low price, high service. And I guess you might call it H V L P 2.0, but for us, we call it H V L P HS. And we want to make sure that not

only are we a high volume model, but we're a high service model and you know, you're three drivers in the business. We're going to be acquisition retention and, and revenue per member revenue per workout, whatever you want to define it. And so, you know, everything we do should be maximizing one of those three things, right. And what is the upside? How vulnerable are we if we're only doing 20,000 square foot clubs. And so we made the decision when, when I came here to expand the footprint I think ideally we're somewhere north of 30,000 square feet. We're really starting to look at the recovery component, but dry boxes and but the world class fitness. And I think that's what we've been in, able to prove to our market is that when it comes to fitness, we're as good of an option as, as really anybody out there. Mm-Hmm, <affirmative>,

Pete Moore:

You know, when you take a look at the pricing that we're at in this industry, and obviously, you know, planet kind of went to the bottom and yeah. You know, I think they're slowly kind of creeping back up with mm-hmm <affirmative>, you know, getting people on their black card or other annual maintenance fee, obviously. How much do you feel as if the price to value that I am providing to a member it's just, I'm giving away too much for, for this price. And, and how much does that kind of eat you up? Or do you say, Hey, look, this is the market environment I'm in. And like, we're not going to tinker with that because I got to sales engine and that engine needs fuel and fuel is new members. And I got to keep that flywheel going at the same time. You know, I know that I'm, there's probably price increase I could put through here, but I just don't want to tinker with that. So how do, how do you think about that as a yeah, so

Josh Wheeler:

CEO it, it's a great question as something that I personally only debate nonstop. Yeah. And but one of the thought process of, of mentor mind JP years, years ago talked about, was velocity drives the engine and you've got to have volume, whether you're looking at a price point of 19 29, 30, 9, 49, everything's driven off of, off of volume. And in our particular mall, what we're looking to do is maximize the volume. And so at that point, how, how much can we drive the effective rate up while not impacting the volume that we feel like we need to hit our expectations mm-hmm <affirmative>. And so we've backed into a specific, effective rate that, that we attack every single day and we'll modify our pricing E accordingly. And if we feel like we might be behind a little bit and the levers aren't working from a marketing approach, we'll do so maybe we got to get a little more aggressive. Maybe we got to pull out a pocket place, something like that, keep the volume up. But you know, for us it's all based on effective rate mm-hmm <affirmative> and what we want that velocity to look like.

Pete Moore:

Yeah. And how much, or how important is it? You know, from a standpoint you've obviously run PT departments before you've kind of been focused on, you know, revenue per member and ancillary revenue and getting people results, you know, obviously as part of that, how do you feel about, you know, look, I got a really big pond and that leads to other things down the road, whether it's, you know, I can sell personal training, I can upgrade people. I can get them to do more member referrals, just talk for a minute about how you kind of say, yeah, look Pete, you know? Yeah, the volume's great and it's a lower price, but it's all, but it opens up a door

Josh Wheeler:

Or doors that's right. Well, and, and that's where that velocity comes into play. Is it drives all your engines. And you know, years ago we would do juice bars. We do tan, we would do, you know, all these different profit centers at the end of the day, we could only be graded a few things. So we feel like we could truly be great as personal training and, and supplement sales. So those are the juice, profit centers that we focus on driving every single day. So our volume we'll take a look at what we call new member unit accountability. So where is the member at, on their onboarding process? What percentage are we looking to get involved in some type of service plan on the day of enrollment of those that don't get involved on the day enrollment? What percentage do we want to get in front of our fitness team and you know, what, what kind of show we look on and what for what kind of conversion we looking for at that point?

Josh Wheeler:

What kind of renewals? So we'll track it from start to finish and but, but it, again, it all comes back to that. Overall velocity, if, if our volume is down 20%, it's going to affect the back end and we still have to find a way to, to deliver on the back end. So then we look at other opportunities to tap existing member base drives some internal referrals to the fitness department, but volume will be, get more volume mm-hmm <affirmative> you got more opportunity for referrals. You got more opportunity to drive in front of your fitness team and just keeps you overall energy up as well.

Pete Moore:

Yeah. So you and I have known each other personally for 20 plus years, so I, you know, I know your personality. I know how you work. I know. Hey think. Yeah. You know, my, my impression is that you give people a lot of decision making power. Yeah. You kind of keep them within a framework of how you like to operate. And you've got a personal side that, that shows that you care about them. Sure. And you also have, you know, a loyalty where people are want to produce for you. That's like they want to disappoint you. Right. So how do you, how much of that is deliberate? How much of that is kind of tried and true? How much of it is like, Hey, this is how I want, this is like my image and like, this is how I'm going to roll.

Josh Wheeler:

Yeah. I think, I think it's a combination of everything you just said. And a lot of mistakes growing up as a leader in the industry in you know, and all those personality tests you know, all I came back, driver typically have a complimentary secondary personality, but mine came back driver. Right, right. And so in the early days it would be a tendency to steamroll individuals and almost too heavy a foot. And I, and I think even today there's a tendency for me to have a, a heavy foot. And so I've got outta back every off every once in a while, I've got to assess, I've got to listen. And those are just things that I've learned to, to do. And, and I'll let people know ahead of time. Look here, here's my personality. I'm a driver. So if it comes across that I might be heavy handed, stop me, you know, tell me side, let me know that, Hey, you need to back off, you need to slow down. But one of the things that I explained to my team, a one is we're a performance driven company. We don't pay on effort. We pay on performance. Yep. And hopefully they match, but this is a performance driven industry. Yep. And some people can do it in the less amount of time. Some people takes more amount of time, but at the end of the day, you've got to deliver. And that might mean more time. Yeah. It might mean less time, but you've got to perform.

Pete Moore:

Yeah. I use this. I put, I put it in the book also that somebody comes and says, how well what's my guaranteed cash bonus at the end of the year. It's like, you know, I'm paying you to, to win. I'm not, I'm you playing to win. You're not playing to play. Like there shouldn't be some incremental benefit of if we win. It's like when we win, that's right. You'll get paid. So I, I'm not hire, you're not going to be on my team. If you're here to like collect a paycheck, like you're here to make something happen. That's right. And then that's right. Trust me, I'll take care of you, whether that's contractually or whether that's, you know, the way are going to get done.

Josh Wheeler:

That's right. That's right. And, and we look for we, we talk about our kind of player O KP, you know, what, what is our kind of player? And you know, we look for individuals that, that are competitive. Yeah. Maybe they've got a chip on their shoulder. Maybe they've been passed over another opportunities, but we want those that are willing to fight and grind every single day. You, and we want you to fall in love with the grind. And if you can't do that, it's a tough industry. Yep.

Pete Moore:

Yep. So, you know, as you take a look at the cluster clubs you have now, mm-hmm, <affirmative> obviously Dallas is continuing to boom. You got a great you know, geographic reach in this area.

Josh Wheeler:

Yep. I think one of the best. Yeah. How,

Pete Moore:

How do you think about, you know, whether, or it's going to other markets think about saturating Dallas, you know, you've got a lot of knowledge about other companies mm-hmm <affirmative> and other markets in the Southeast. If you wanted to kind of go Dallas, you know, and go eastbound with this H V P yeah. 2.0 HS. Yep. So how much can you do and how quickly can you do and, and, and, you know, what, what would you say, Hey, if I had the opportunity to get to X amount of clubs and affect X amount of people in X amount of cities, like, that's where

Josh Wheeler:

I want to be. Yeah. Well, like we talked about earlier, I've got a very big appetite and I've got a lot of confidence in our, our existing team. I've got a lot of confidence in our ability to execute and you know, a lot of it, it depends on the, the appetite of the, the equity group as well. Yeah. But there's a lot of continued opportunity for growth in the DFW metroplex. But there's a lot of pockets in, in the rest of Texas that we look at and say, man, there there's some opportunity. And as we go and do those markets, it's going to be coming in with a cluster. So not just, okay, we're going to do one club out. Here's where can we do some critical mass roll out three to five clubs all with the, in a, a certain window so that we can leverage economies of scale. So, but, but our team can execute at a high level and we can run at a fast pace. That's

Pete Moore:

Great. So in closing here any business quotes or personal quotes or sports quotes that you kind of either live by, or, you know, remind people of yeah.

Josh Wheeler:

You know what I, I love to learn. And one of the, the quotes that I, it just has always stuck with me is Benjamin Franklin. He says, empty the coins in your pocket to fill your mind, your mind, to fill your pocket with coins. And it's, it's just educate, continue to learn, continue, and apply, but learn and apply, learn, and apply, learn and apply. And you know, I'm, I'm a lifelong learner I'm going to continue to learn. And had another mentor years ago that told me, Josh always listen, because they might be right. Hmm.

Pete Moore:

Awesome. All right. In closing there and plug for the halo academy. If you want to learn something, we got a halo academy. You want to one, one, or you become an apprentice invest in that education, or you can become an apprentice of Texas family fitness and work on the executive management team even better, even better. And then you can go to athlete book and get some more awesome varsity athletes to, to staff your bench. So great to see psych about the very career choices and look forward to the next five, five year five year run.

Josh Wheeler:

Likewise. I appreciate it. Thanks so much, Pete