



**Complete Transcript: HALO Talks with Terry Blachek
Posted January 17, 2022**

Pete Moore:

This is Pete Moore on HALO Talks NYC, lone star state coming back for his second podcast. Hey, Hey. Hey, your friend in mine. T bla check Austin, Texas OTF. Thanks

Terry Blachek:

Pete. It's great to be here and excited to talk with you again. It was wow. Three years, right?

Pete Moore:

Three years ago. So we actually did the first podcast when we using it as kind of part of like a, a marketing tool to go and get the growth capital. And actually we had some great quotes in the last one, you know, and I said to you, and I didn't actually practice. Yeah, I didn't, I didn't do any prep for this. So, you know, but I remember everything that we talked about and I said, how quick can you grow? And you're like, Hey man, I got to crock pot a manager. I can't microwave them. Yep. And that was kind of the script in, in a lot of the groups that we talked to. Yeah. That was

Terry Blachek:

A great closing a closing a quote for the ClearLight folks, ClearLight partners. They listened to that podcast and they liked what they heard and liked what we were talking about. And they brought that up actually a couple times to me now. Yeah, no, it

Pete Moore:

Was great. It was great. So we're on podcast about 3 0 6 now or something. So you were one of the first ones, so I'm glad you're back around. So you're down in Austin, you had an area development agreement, put some jet fuel on this and give us an update on where you are, you know, professionally with the

Terry Blachek:

Company. Yeah, three years ago, we did a, a deal with private equity group called ClearLight partners out of California. We had 18 stores at the time and we completed that deal in September of 2018. And, and they were the gas to really help us to take off. We immediately went out and started talking to other folks and we did a number of acquisitions in 20 to 19. We bought the state of Arizona with 36 stores. We bought Kansas with 13 stores. We got and purchased Oklahoma with probably 10, 11 stores and purchased the Philadelphia and south Jersey markets with probably 33 35 stores. Today, we have

135 stores in six different states under our umbrella. And we actually have ownership of 61 of those studios. So when we started, we were 18, we're now at 61, basically tripled the size of the company here and got through COVID. Right. Sure. Sure.

Pete Moore:

So talk about before we get to anything COVID related, you know, ClearLight was one of the first private equity firms in the planet fitness network. Cause I was one of the first private equity firms in orange theory, you know, backing you as, you know, the top operator. And how quickly did you need to move and kind of look at the map as like, okay, we're playing like that game of you know, risk where it's like, Hey, I can pick up these states, I'll digest them over time. And how did you think about the ability to kind of integrate those in and, and, you know, staff those up

Terry Blachek:

Properly? Yeah. You know one of the things we looked at was, you know, how many white spaces did we have to open up? And then what was the opportunity for, to purchase and acquire and in their planet experience planet fitness experience, ClearLight had not done a lot of purchases or acquisitions until later years with planet fitness. And they felt like that was in the stake mm-hmm <affirmative>. And so when they got involved in our group at orange dairy fitness, they said, let's start the acquisition process sooner, quicker, faster. And we were on a tear. I mean, literally we went from 18 to 59 stores in a year mm-hmm <affirmative> and the good news is, is we acquired a lot. At the same time. We were opening probably five or six studio. We took our eye off of that opening game, the presale game, we should have kept our eye on that better.

Terry Blachek:

What transpired out of that mm-hmm <affirmative> was we probably shouldn't have done it that fast. There's a great note. When we look back at it, the ability to digest tripling the size of your company, and also to build an infrastructure. That's not only remember, we were only in Texas, we were in Austin and San Antonio. So the concept there now you're in six different states. You have to have an infrastructure to handle marketing operations, facilities, maintenance. <Laugh>. It just it compounds it when we do it, did it so fast. So I wish we slow that down. Gotcha.

Pete Moore:

So, you know, a as, as we kind of roll through COVID here and come out the other side, what are some of the, you know, silver linings on maybe how you've modified your operations, how you maybe you've looked at acquisitions maybe just say, Hey, I could grow, but I'm going to grow at my own pace. I'm also going to make sure I don't put the company at risk at the same time, because I really don't know what macro things are going to happen that are outside of my control.

Terry Blachek:

You know, Pete at, at, at the heart of my, you know, my experience and myself, I'm a sales guy, I'm a marketing guy. And I love to be out there on the front of the spear, you know, the tip of the spear and trying to make things happen. And I've always been that way. I've tried to get things done. If it takes a normal guy two years to do something, I try to do it in a year. If it takes you, you know, 12 weeks to get in shape, I try to do it in five. You know, I just I'm try. I try to accelerate that. And so we had done that the first year, but certainly the, we, you know, we came to a screeching halt on March 17th, made an announcement, let 700 employees go and shut the business down.

Terry Blachek:

Mm-Hmm <affirmative> and it was it was a tough day. Yeah. A very tough day in business. And everybody had a tough day and has had a tough time in in COVID I'm not saying we're any different from anybody else, but you know, today, I think when we look at what's happening is you see a lot of acquisitions out there. You see still consolidation of the orange theory market. And, you know, it's hard for me to step back and not want to race or be competitive, you know? Sure. I'm competitive. I'm right now, today, I'm the second largest group consolidated group of orange theory Fitness's in the in the network. And you see some other groups doing a lot of acquisitions and I'm very competitive. I want, you know, I want to be out there, however, that's probably not in the best interest of our group.

Terry Blachek:

And I need to stop thinking about being less competitive and really focusing on the health and the wellbeing of my business. Mm-Hmm <affirmative> and the, a true to the business and stay true to not overpay for things right now. You know, we look at acquisitions versus opening a, a studio. We can open studios at a much lower cost than we can to acquire a studio, another a studio. So the value, right? What's my job as a CEO provide value to the share home. Sure. And so the value is really in the opening of studios and we've kind of re reset a little bit here coming outta COVID. We just opened up the first store outta COVID, by the way, for orange theory hit over 500 members in pre-sale. Where is that? It's in bull Verde San Antonio. So stuff. Yeah. Yeah. It's but it's all good. Mm-Hmm

Pete Moore:

<Affirmative> let me just make one note on, on, on the growth side, because I think a lot of you know, there's always, there's this phrase in, you know, private equity or, or most deals like, you know, grow or, you know, you're going to get grow or die or grow, or, you know, you going to get lapped, but in your case, you kind of ran four laps around the, the track. And then now everyone's kind of catching. You still think that you're at pace with them, but you're actually four laps ahead on like a NASCAR. Yeah. Yeah. So you might want to digest that for a second. When you say like, Hey, I want to grow. It's like, bro, you grew already like, let everyone kind of grow up and catch up to you. Yeah.

Terry Blachek:

Yeah. I think that's a great point. We, again, we were off to the races and we still have a plan going forward. We have, you know, good stuff happening. So let me ask

Pete Moore:

You a question cuz you and I have been around this industry for, you know, 30 plus years, I've been probably 25. You probably got 10 on me. <Laugh> when you not, not looks wise just age and mileage, just mileage, but that's like, you're a seasoned executive doesn't mean like we're old or old, too old, but a lot of the companies in our industry when they get to a certain size, it, it kind of falls apart. You know, if you think about New York sports clubs, you think about 24 hour fitness, you know, LA did some big acquisitions. I love those guys there. But you know, they try to digest 160 club deal on ballets. I'm assuming people internally said they probably not the best use of our time probably could have built, you know, the 60 clubs that they kept at the end of the day.

Pete Moore:

So do you, and you've been a part of organizations that have, you know, been on and fire and then at some point it's like, dude, this thing's bigger than maybe it should be, it could be, or, you know, at some

point this is, this is like a super-regional is a super-regional, it's not a national. So do you think about some of the past, you know, trip up in the industry and say, look, I'm running 126, you know, I think I want to get to 200 and that's kind of the right size. And, and then maybe someone else kind of takes it from there.

Terry Blachek:

Yeah. I'm not a hundred percent sure what the right size is. Mm-Hmm <affirmative> I think, you know, we're, you know, you continue to learn and experience that as you go along. I think, you know, for me, all my, all the companies in my history that I've been involved with have had a big growth plan, a big growth spurt when I was involved in that. And I was part of that and it was a, it's always been a great experience. I think what I see now more than ever is when you expand quickly, when I had 18 stores, I could get around to the stores and I knew every manager and I knew all the head coaches and I knew everybody. And the culture of the company at that point was me. It was my personality today. When you're in seven states, six, seven states, you got 135 stores.

Terry Blachek:

I mean, I can't possibly know everyone. I can't possibly spend. Everybody wants more Terry time. Sure. I can't do that. And so what you see is it's harder to create the culture in a large scale than it is when you're one guy visiting 5, 10, 15 studios. And you know, it's interesting cuz I've been looking at Disney and I look at Southwest and I go, how is Southwest creating this culture across the national brand? Right. Mm-hmm <affirmative> and how does Disney do it? How do they continue to create, make that magic come alive? And you know, we've gone outside just again, we've gone outside to a company called blue case to come in and do some consulting with us and to do some executive coaching mm-hmm <affirmative> because what's happening is, is I have to depend on not only the, the group below me, the executive team, but then the group below them to really deliver that culture, to create their relationships so that we don't have the turnover.

Terry Blachek:

We, we really take the member experience seriously and try to help them out. But I, I think that culture piece is a, is a big piece mm-hmm <affirmative> and I think that that would be where I would say, when I talk about digesting the growth, sometimes you lose your it's, you lose your, you, you lose your personality, you lose your culture when, when you do that quickly. Right. And the second thing is, you know, nobody can, nobody's a great, I'm not anyway many people aren't I, I don't know that you can actually hire everything that you want to deliver. You, you know, you can see somebody come in with great stats and great performance from the past, but maybe it doesn't necessarily match up with your culture. And so, you know, you got to find the right guys and you know, you hire for every guy you hire, every lady you hire, you know, it's a, it's a, it's a 50, 50 kind of deal. You don't really know those people until they get in and they can really deliver for you. So

Pete Moore:

Yeah, my buddy who runs a venture fund out of DC, I went to business school with, because name Mesa and I came into one of our halo academies and he said, look, you think I'm in finance, I'm in recruiting. He's like I spend 50% of my time trying to find executives from my blind portfolio companies. And that's like the best value add that I could bring to this, to these investments. I got to find people.

Terry Blachek:

Yeah. I tell people that I, 50% of my time in is running a business. The other 50% is in psychology. Right. Right. I mean, I got to, I got to talk to people. I've got to inspire, motivate, keep 'em on track, keep 'em on point. And it's a big psychological game. Yeah.

Pete Moore:

So when you look at some of the technology advances that have been made in this industry, whether it's, you know, automated drip campaigns, showing data analytics that you know, these members haven't shown up in a certain period of time and we've got a, you know, a digital plan and we've got a, you know, a calling effort. I remember you told me you had a calling effort. Right. You know, when, when things reopened, you had like everyone in a room and it was like basically like a SWAT team calling every member, you know, individually, how have you given that your old school and you know what work and say, look, technology is, is, is a weapon, but it's not the solution. Like you, we're, we're building a community here. And we're, this is about you and me looking at each other in the eye and me getting you results. This isn't me sending you like a, you know, here's your stats. And like, I don't want to talk to you because that cost me money to, to staff that. So how do you toggle between utilizing technology and having people understand, like that's not an excuse?

Terry Blachek:

Well, I think it's a toolbox, right? Technology is a toolbox. You hire a carpenter or you hire somebody to come over a maintenance guy, come work on your house. He brings a toolbox. And if the only tool he's gotten is toolbox is a hammer. We got a problem. You're not going to be able to build too good of a house that way. So I, I, I look at technology as a toolbox. I, I go, man, what are those tool boxes? And I'll give you a couple examples where technology or the toolbox helped us out. So, you know, five years ago, QR codes were out, right? Nobody used QR codes. We tried it. We couldn't get the things to work. All of a sudden. Now when the restaurants go, you can't get a menu, you can't do anything. All of a sudden, everybody goes, QR code, QR code.

Terry Blachek:

So we took advantage of that. Everybody in today's world understands how QR codes work on your phone, how you pick it up, how you do it. So we took our guest passes, we took our stick in the mud signs. We took our banners, we took our billboards and we put, put QR codes on 'em that automatically take people to a land page, drop your name, your information in. So that was one, you know, one way that we did it. That's the other thing is, you know, in today's world, number two tool in the toolbox is in today's world. Nobody's answering their phones. Right. I don't do it. I see a number come up. And if I don't recognize that number, I don't pick up the phone. Yeah. So text messaging in the right way. And I know there's some legal pieces to that, but text messaging now has become the communicate of today's world.

Terry Blachek:

You know, even emails. I mean, emails are good to your members. We're seeing 35 to 55% open rates on our emails to our members, but to non-members much lower open rate. And so text messaging is working. We got a platform called Skipio that we have a automated program that goes out to our frozen members, to our members that have canceled and want to come back. And we're putting a lot of emphasis on that too. You know, we're putting a lot of emphasis on members that said, we love the brand. We love the coaches. We're going to come back, but we're not going to do it until post COVID. That being said, you can have the best toolbox or all the technology that you want, but without a guy at

work, that technology without the human component, the person behind it, you got to have the carpenter, you got to have the plumber, you got to have the electrician to actually use the tools.

Terry Blachek:

And that really is where the human element comes back into it. And I'm still you know, people person face to face. We saw, you know, everybody's on zoom, you know, zoom, zoom, zoom, you know, calls. And that's, that's fantastic. But the reality is when I got my teams back together, when I started going out, yeah, man, it was, it was like chemistry, we're social we're social beings. Right. So there was a lot that to be said for, you got to have the toolbox, you got to have the technology, but you really need the carpenter or the guy to, to work the toolbox.

Pete Moore:

Yeah. So in your network, you do Tuesdays with Terry throughout the, the orange theory, how important is it to you to, to get best practices from kind of whether it's inside the network, outside the network coming or SA you you're, you got, you're like a kind of continuous sponge of information, say, okay, this is what I can take. And this is what I can give. I think you've probably been given a lot more than you take. But give us some of the, the, the highlights or, you know, takeaways from the you know, Tuesdays with Terry, where like, Hey, this has kind of changed. The I've helped people, you know, get through this,

Terry Blachek:

You know great question. Great, great, great thought there, but, you know, I don't know where I heard this, but, you know, learning is never over for the true professional, right. Mm-Hmm <affirmative> and so we're always learning. I mean, I learned things the last two days here at Ursa, I talk to you and a side conversation, I learn things and I get ideas. And I love that. I love to do that. And I all also love helping people. Yeah. I I'm a fan of that. I, I'm a big fan of giving back. I'm a big fan and, and a lot because of up have helped me to achieve some success in my life. And a big part of that is when you get success is not just, you know, beating your chest. But when you get to the top of that mountain, or you get to that plateau, you turn around, around you reach down and you help the next guy. Yeah. You grab their hand and you pull them up. And so, because of that, I've really tried to give back. Personally, I've tried to help a lot of the orange theory franchises. And that's really how Tuesday with Terry got started. About three months ago, I actually started my own podcast called Tuesdays with Terry. You can get it, go to that on Tuesday with terry.com and find it it's on anchor, but that is show notes.

Pete Moore:

That's great. Hold on. That that's for anyone, not just

Terry Blachek:

Anyone I talk about. Yeah. I talk photo was an OTF internal Tuesday. I used to, you used to do that. Oh, okay. Okay. Now I have a podcast that I do Tuesdays with Terry, where I focus on four things. I focus on how to, how to be a better person. And self-empowerment, I talk about leadership. I talk about sales and marketing, and I talk about entrepreneurship and business. Some of the things you need to focus on, are you doing

Pete Moore:

Interviews or are you basically doing riffs and kind of like, like a, more of like a professor type of most

Terry Blachek:

The monologues, the, the most monologues. Yeah. In the last three months, cuz I'm just trying to get my following going. And some of that is really kind of catered to the orange theory network and to the fitness side of the industry, but I'm also writing a book and you know got title working on it. I've got a couple different titles, but we don't have one at this moment, but it's going to be kind of short stories you know all on those four pillars of self-empowerment leadership, marketing sales and entrepreneurship. But the reason I say that is because the reason I started Tuesdays with Terry was to give back yeah. And was to help other people. And so because of that, people call me, want to talk to me and they want to share their ideas. But your, your question was what about best practices and how valuable is that the, the value of talking to other people coming together, soliciting ideas, it creates sparks. Right? So I, I talk to people inside the industry and outside the industry. I'm, I'm looking for more ideas, more, more things.

Pete Moore:

Yeah. So, so in closing here, I obviously we don't know what the, the next three to six months holds, but we know what the next five to 10 years holds, which is back to some level of normalization growth. There's a lot of capital out there. There's a lot of strong businesses that are going to figure out a way to get through to the other side and, and become very valuable businesses. What are some of the things that you're looking for forward to over the next, you know, couple years with your team?

Terry Blachek:

Well, just, you know one is, you know, when we went through COVID one of the lessons we learned was less, is more right. So we cut back on staff, we got lean and mean, yeah, we had to survive. We had to get through it. We had to op reopen with a semblance of a team. And I, I would tell you, the second thing is for, for everybody listening is there's always a way there is always a way that's true. You just have to find it. And a lot of people say, well, I don't have the resources, but what, what really is happening is we just have to be creative. We have to be creative in our thinking. And we, we have to be resourceful to try to find the way I think that we didn't talk about this Pete, but I do think that the digital platform and fitness is here to be reckoned with, I think it's, I think it's big.

Terry Blachek:

We have OT live and the orange theory network's doing really well. Yeah. I mean, you know, and so that's a way that we did we worked through the COVID shutdown is we created our own OT live, where people could take orange theory at home. We did outdoor workouts. We replaced and, and moved all of our equipment around in our studio to create social distancing. And that's what I'm saying is if you're creative enough, there's always a way I think you know, the next 12 to 18 months, you know, again, who knows, right? I don't have a crystal ball, you don't have a crystal ball, but my expectation is, is that people are social beings. I said that when I talked about us meeting, I think that the bricks and mortar studios and clubs are there to stay mm-hmm <affirmative>. I do think that there's a portion of the online and digital platform that is going to be a supplement, but not a replacement to the fitness in, in the fitness world. But I'm looking for, you know, what we also see happening in, in the, in the fitness arena is we see new models, emerging and new groups coming out, looking at things a little bit differently. So it's always evolving. It's always changing. It's coming back. It's going to take us a little bit longer to get there than we thought, but isn't that true in life? It always takes us a little longer than we thought. Sure. And a little bit more money than we planned. Yeah. Well,

Pete Moore:

When you, you got to enjoy the ride at the same time, right? I mean, this is a, we're on a roller coaster, Fasten your seatbelt. But you know, we, we're blessed that we're live in this country and you can be an entrepreneur and you can decide you want to go a different path. And, you know, there's, there's really not much red tape to fall in your passion. So everything you've done for the industry, glad we're group, strong friends. And I love where you've got, you know, started where you got into and look forward to doing a podcast number three next year, and we'll give people a further update and we'll have the title to the book and we'll have a nice following on Tuesdays with Terry and then Tuesday nights with PT Mo <laugh>

Terry Blachek:

Get up, Pete. I appreciate it. Thanks so much.