



**Complete Transcript: HALO Talks with Francesca Schuler
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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 have, you 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, and coaching and mentoring executives in 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 cartoon. 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, Texas, with my good friend, Francesca Schuller, president California Fitness Alliance. Welcome back to the show.

Francesca Schuler:

Thanks Pete. Great to be here.

Pete Moore:

Awesome. So,

Francesca Schuler:

And actually great to see you in person.

Pete Moore:

Exactly. Yeah. So all those people that said we should work at it in our homes and do zoom calls for the rest of our lives. Why don't you rethink that? Correct. So we're going to talk fitness Alliance. We're going to talk about political activism and we're going to talk about getting people into the bricks and mortar.

So why don't you just give you a quick background, personal background for the three people that don't know you and we'll go from there?

Francesca Schuler:

Great. Well, I joined the fitness industry about six years ago, so I'm relatively new to it, but was most recently a CEO in-shape health clubs, which is a large California multiunit club company. But really have also dedicated the last kind of 18 months, almost more than that now. In addition to trying to navigate a company through the pandemic to trying to create a unified voice for fitness, California. So last April when we shut down, well, we shut down in March Randy Carr, who's the CEO of California family fitness. And I reached out to some other operators that we didn't even know necessarily personally, but said, we got a band together and take action because we're going to get completely forgotten California. So that was my other job the last 18 months. And now I'm focusing on it a little more full time for the short term.

Pete Moore:

Yeah. So I mean, the irony is, you know, California, probably one of the healthiest states in, in, in the country and probably the biggest population of fitness enthusiasts basically have not had a voice or, you know, really used their votes or dollars to make their businesses that they frequent essential. So what, what were some of the initial, you know, shocks to you on how this all played out?

Francesca Schuler:

Well, a couple things I think none of really ever probably thought about the importance of being involved in policy in this industry, we just didn't. I think we all focused on serving our members, building our teams, opening new doors, and it took this crisis to realize that businesses like the restaurant business and others have these amazing trade associations and they have a footprint nationally and at the state level. So I think the shock to me was one, wow, this really matters too. We're at zero. We have literally no connections anywhere. Yeah. And how hard it is to get heard in an industry. That's just trying to make people healthy. I mean, the biggest disconnect between public health and California who would say exercise matters and just go run outside with no consideration of the fact that so many communities it's either too hot in California, it's too smoky or people don't have feel safe and need a place to go to work out that's safe. And so I was just surprised at how much it mattered, how far we have to go still to get her and how there's such a disconnect with policy makers and then what's really happening.

Pete Moore:

Yeah. You know, the one thing when people started to say, oh, IHA should do this. SHA should do that. It's like, well, we haven't provided them the capital or the resources to actually do this. We basically have asked them to do be a data provider, you know, you know, get a membership base have suppliers and, and, and clients and customers, you know, connect. And that's kind of the extent of what ERSA was. So I, I was always kind of defending SA to the point of, well, if they had a 10 million budget and then we hit the pandemic and nothing happened, you know, that's a different conversation. So, you know, as we, as you kind of rolled forward in California, what were some of the steps that were successful? So other people in other states could say, Hey, this is a, a path yeah. To, to getting a voice heard.

Francesca Schuler:

Yeah. So I think you know, California is probably the toughest state to have been operating in. So we definitely had some highs and lows and still do. I think the things that we have done that have worked well in California is one is we are very inclusive. So on our advisory board, we have regional players, we have national players, we have single club owners and boutique owners. So we're really representing all parts of fitness. And we've been very clear about this is anyone and everyone who's involved in fitness. So I think that's been really good. We have not, not focused just on club owners. We've been really active with studios, CrossFit boxes, et cetera. So I think that's been a big success for us. I think the second has been to stay apolitical. It's been an emotional time. There is a lot of anger out there on all sides, and we have done everything we can to be neutral.

Francesca Schuler:

You have to work with whatever administration you have. So whatever your political views, you have to put those aside when you're advocating for all these people who lost their jobs. So that's worked well for us. We, you know, we had to, we had a really good really relationship. Initially when we first launched it, then went completely radio silent due to some public health changes in the California administration. We ended up having to use a legal action. We sued to try and get attention that worked would not recommend that it's really expensive, but it was the only avenue we had. The good news is the net result of the at is we now have direct line to the administration. We have their commitment to establish a state council on physical fitness and mental wellbeing. So I love that we're now marrying mental and physical together, cuz that's what exercise helps with.

Francesca Schuler:

And I think we're doing a great CA grassroots campaign now really educating everybody of faces of California fitness. So we have all these little videos that we're shooting to having people tell their story. So if anyone who's listening, want to have their story told we'd love to have a conversation with you and shoot it. And we've been sending that to all of our politicians, a at the state level, at the national level to just meet us, let us know we are real people with real jobs and who have lost a lot. We need want to voice at the table. Yeah.

Pete Moore:

So during the pandemic, I listened to a podcast series of it was called gangster capitalism and it was about the national rifle association. And the average donation to the NRA is \$40. And they've got like a 96 million, you know, political action committee and they, they make things that make things happen or not happen right in their, in their favor. Do you see going forward a group of bricks and mortar fitness equipment companies, you know, Peloton eye FITT Nautilus, and, and kind of turn the fitness Alliance into like, Hey, we're going to do everything we can and kind of broaden our mission statement, maybe even at the Ursula level or whatever the name changes in the California fitness Alliance to say, okay, here's who else wants the same things we want? How do you think about that as you kind of, you've already expanded the bricks and mortar spectrum, but like does, is there another layer to this that brings in more advocates and more money?

Francesca Schuler:

Great question. So a couple things on that one is we very much want to follow the restaurant association model, which has a very strong national association, which is what I know Liz Clark will be leading with a national health and fitness Alliance that's essential. And we also want to follow them in that they have a very strong state level and even at the big city level. So I think the restaurant

Association's a great playbook for us. And so we see collaborating very closely at the national level and then having our role be the state level. So it needs to be a partnership. This can't, we can't compete with each other. We need one voice at the city county state level from a funding, an expansion standpoint, you know, we've, we have ACE idea on our advisory board. So again, trying to bring in that group, but would love to actually see this become health and fitness and include some mental wellness groups as well, because ultimately we're all trying to solve the same thing. And so if we can unite together and become part of the healthcare ecosystem and conversation, that's going to be the win. So absolutely we want to be as inclusive as possible. The, the name of the game here is advocacy and unity as effectively as possible for,

Pete Moore:

I mean, it's interesting when you look at an industry that only has, you know, 15% take rate, you know, throughout the population. So the more advocacy everybody's going to win, it's not, it's not like a pie that we've got to slice and dice that I don't want to have you, you know, in my ecosystem because you're going to potentially take market or away from you. So I think we've kind of solved, like level of step one is like, let's all work together. Trust me. It's like, it's better for everyone. But then the second question is, you know, how much of this turns from money and advocacy into votes?

Francesca Schuler:

I don't know the answer to that. I wish I did. And I think what I have learned in this pro is that everyone who goes into politics is looking for support and votes. So part of our role, and I know the national restaurant association does this is going to be contributing at the local level and at the state level and at the national level to campaigns, that's essential. And there's definitely leaders in our industry who have been very vocal about the importance of that. And I definitely agree with them. I think the, the good news for us is we are a positive prevention business and we, that isn't landing loud enough with people yet. But I think once it does, everyone's going to be like, well, we got to support these people cuz they're trying to make the world a healthier place. Right? And to your point, there's such a small group of people in the actively exercising, which is the sad part about that is obesity, you know, heart disease, diabetes, all the issues we're well aware of. So I think creating an education campaign on the importance of exercise is going to be a big part of what we're going to have to do think like your brain on drugs from the drug.

Pete Moore:

Yeah, no, the fried egg,

Francesca Schuler:

Egg think got milk. You know, really educating that moving is important. I think ACE is doing a great job with their get moving campaign. We'd love to help we're partnering with them on that. We'd love to see that get louder. And so education needs to be part of our mission as well.

Pete Moore:

One of the things that came up yesterday, I brought it up cuz I got a lot of ideas. Not many of 'em are awesome, but there are a few one of the, as I had was what if we take everyone to, for your, your California fitness Alliance as, as an example, and here's all the Congress, men and women that support the gyms act and here's the ones that don't. And then like for the week before voting, we've got a big

screen TV and it shows here's the names, not political. It doesn't matter what part of they are, but they support us or they don't support us. Maybe there's some kind of peer pressure,

Francesca Schuler:

Leaderboard,

Pete Moore:

Leaderboard. Yeah. Leaderboard or like you're not on the leaderboard at all. And, and then the other, so that's one idea. So why don't you respond to that? Just say yes or no, and then we'll move on to something.

Francesca Schuler:

The next thing that's important, actually, people to know and you realize, I mean, I didn't know.

Pete Moore:

And you don't, I mean, how do you, how would you find out

Francesca Schuler:

People's area point of view, but once you dig into it, you can find out. So I love the idea of saying, you know, we're allowed an important group and we're going to, you know, vote with those that support us to some degree,

Pete Moore:

Look, there's 62 million people, you know, pre COVID and you know, probably 52 million now or something we'll get back the rest. But if we actually had like a voting syndicate, you know, like the NRA and I, I want, I'm going to send you this link cuz it's fascinating how it's basically like an organized crime syndicate is what the NRA was. Something we should just do the NFA and you, you know, you protect your guns and we'll protect our guns, you know, on my biceps that are like, not that big. But but I feel like there's got to be some kind of movement towards like, Hey, we're not only giving you money, but I got like 6,000 members here and actually 5,500 of 'em actually vote. You know, we got a, I'm sure we have a pretty active voting community, you know,

Francesca Schuler:

IM sure we do. I mean, well, and we will now after this one realizes how much, I mean, you truly know your vote matters now. Exactly. So I think we do. I think the other thing that is important is we need to be viewed as experts. So what we saw happen with a lot of under other industries is people would reach out to their industry association, ask their opinion on things. We are now moving into that position in California, which has been great. There's been a few things that they've called us and said, what do you guys think? What would be the impact on your business if this type of decision was made? And so we're early days, but part of being a strong advocacy organization is being viewed as the go-to expert on a variety of topics. Right? And so that's something that would encourage everyone to try and build a relationship. So we have that expertise.

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 are, 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 pulse 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, get \$75 off and you will not be disappointed higher dose.com promo code KLO 75 and now let's get back to our regularly scheduled program. So you're a marketing GU since, since you're in, into the, onto the planet, how important does names matter and slogans matter and how much more should we spend time on that?

Francesca Schuler:

So thank you. Guru may be a slight exaggeration, but thank you, Pete. Expert, it matters in a huge way, the, the storytelling and who we are and what we, we stand for, how we tell that story is essential. And I'll just give you a good example. If you look at most of the imagery around the fitness industry that is out there, Google fitness industry look at everyone's ad campaign, it shows the top of the pyramid. People who are ultra-fit. Yeah. High performance athletes, which makes us look very exclusive as an industry. Therefore makes us look less essential if our messaging was out there and we

Pete Moore:

We're showing I'm going to yeah, this is essential for the top 10%. It's not essential

Francesca Schuler:

Anymore, not essential. And so that's on us. And so, you know, one of the things that we were really proud of it in shape is we never used models. We always were very democratic and all imagery we put out there cause we wanted everyone to feel in. I did, but would love to see us as an industry focus less on vanity and more on health. And I did this presentation on the future of fitness. I use the example of pharmaceuticals. So pharmaceuticals is treatment. It's not prevention. Boy, you watch one of their ads. They show people, you know, running through the fields, having this easy day and saying, if you just take this little pill, this could be you, we put image out there. That's like, if it's not a hundred burpees, you're not good enough.

Pete Moore:

Yeah. Or it's like zero down, you know, and, and, you know, free for the rest of the years. Exactly. Tell me like what the benefits are. And the funny thing about the pharmaceutical industries, they got to spend 30 seconds on how good it is and 30 seconds on how bad it is. Exactly. And I'm like, I'd just rather have the ailment. Like I don't want all these side effects. That's terrible.

Francesca Schuler:

Exactly. So I, you know, I use beauty as another category. Beauty's all about kind of hope in a bottle. We need to show hope in the industry. We need to put image out there that if you move and if you get stronger, you will be healthier and you will live longer and have be the face of the industry. Versus if you don't work out this hard, you're kind of a loser. So it would encourage all of us to think about that and think about how we talk about ourselves. The stories we tell and the imagery we put out there to make sure everyone understands how essential we are.

Pete Moore:

Yeah. You know, one of the things not to look, I'm obviously a hundred percent supportive of the, of the gyms act, but if I was a Congressman or Congresswoman and somebody came to me and said, Hey, you want to support the gyms act? My instinct is my high school gym that smells like a high school gym that has the locker rooms that have been there since 1974. And I don't, that doesn't resonate with me. I, I don't know if that's essential. Right. So if I think you and I spoke about this yesterday, if this was called like the health protection program, okay. How can I be against the health protection program? Like, doesn't that, that seems like me and like sinister, like you got, like, you have to be ProHealth. And then from a standpoint of these pharmaceuticals to go back to that for a second, I feel like you shouldn't be allowed to take those medications unless you go to the, a fitness center for eight weeks and then take your results again and then see cuz we can solve pretty much all these problems that people have. It's crazy

Francesca Schuler:

Lot. Yeah. I totally agree. So I do think storytelling and imagery matters. I think as an industry, we have a ways to go there and I love to see the conversations that we're all having now and how we're working together to get that prevention message out there because there's billions of dollars spent on treatment. But we could take all those resources and redeploy them to something else if we could just focus on prevention and keep people healthier.

Pete Moore:

Yeah. I mean, I'd love to be a fly on the wall in a you know, one of these pharmaceutical drug launches and then looking at their gross margins of, you know, 97% and then saying like, Hey, if we get somebody on this Lipitor, like they're on here, like forever. Right? So like, correct. What's my attrition rate on a health club versus my attrition on a Lego Lipitor. Like they got a big advantage.

Francesca Schuler:

They do. Well, you know, it's interesting. I just interviewed a studio owner who started a studio because he was working for a pharma company and he was in a big, you know, meeting with, I don't know, thousands of people and the head stood up and said healthy people don't make us money. And he was like, I got to go do something else. Yeah. You know, know what I mean? Exactly. And so I think, you know, we need to change the conversation on that and really focus on how important and how much money we can save by people exercising, getting healthier.

Pete Moore:

Yeah. So, so kind of flipping back to, to Ursa and the alliances. I think the elephant in the room that I want to address here is planet fitness has 15 million members. Orange theory has at least a couple million lifetime just went public. They obviously are part of IA, LA fitness kind of, you know, does their own thing. I love 'em to death, you know, cause they're by a lot of companies that we sell. But we're starting an industry association and we're like missing five of the top 10 providers. And I'm just trying to figure out what do they want that we don't want? Or why do they feel the need to go lone Wolf when the pies just going to get bigger. So I'm just maybe you have some insight into that cuz I'm, it's I'm knocking my head against the wall trying to figure out what date, why they won't embrace this yet.

Francesca Schuler:

Yeah. I can't answer at the national level. I know a lot of people are having really good convers on this, trying to create one voice. I know in California we have an orange theory. One, the biggest orange theory franchisee in California is on our advisory board. Okay. 24 is on our advisory board. So I think one of the things, as I said earlier, we have worked really hard to be inclusive. And so honestly I think some of it's also, you know, what I learned during this pandemic is you have to assume good will and give people grace. So there's probably some good reasons why we're still not as United as we need to be. And my hope though is in the next six months, everyone gets around the table and I know that's a top priority right now for, for Liz, the new CEO of Ursa and in California, we're doing everything we can to help as well. So

Pete Moore:

And I'm not knocking any of those groups, I'm sure. You know, if you say, Hey, I'm in crisis management mode, you know, how do I go direct? Yeah. Right. So I'm, I, I get that part, but I'm saying long term, if there's almost like a 10 commandments of here's what ERSA stands for, here's what the California fitness Alliance. And here's like the, what we are going to advocate for and get policy change on. I can't see somebody coming and saying like, I don't agree with those. Or if you want, if you want to add something to that or delete it, let's have a con a conversation about it. I'm pro I, I got to feel like we'll get to a permanent commandments. Yeah.

Francesca Schuler:

I, I, I feel very confident that a year from now, if you and I are having this conversation and we will have made a lot of progress on this, I do think everyone understands the need. I think we're navigating the, how we're all kind of learning real time as well. But I think that everyone wants the same thing and we've realize the importance of that. So it's just it's a matter of time. I'm pretty optimist stick.

Pete Moore:

That's great. So from your standpoint, you know, how much time does it take is this like turned into somewhat of a full-time job and does it need to be a full-time job at the state level? Cause I know a lot of groups have, have bonded together. There's typically one person that's kind of the head of it. They also have a day job. They probably an owner of a business and they're probably deal with their own set of issues, you know, not just so the industry at large. So how do you think about what you do and, and what might be needed?

Francesca Schuler:

Yep. I, I think to be successful, we're going to, each data Alliance is going to need at a minimum one full-time person who can walk the halls and shake hands. I mean, a lot of advocacy is building the relationships in the halls of, you know, that Sacramento and case and whatever your, you know state capital is. It's been a little bit weird during COVID cuz no one's, you know, in the office. Right. But that's changing already. So we are working to figure out a way where we can have someone full time and then still have a strong advisory board that has a lot of oversight and set strategy. But to be long term successful, the restaurant association, every single state version and Nashville, they have multiple employees. Mm. So that's because it's an important and it's a day in day out job. So a hundred percent, I think the long term success will require full-time staffing. That's

Pete Moore:

Great. For sure. So it sounds like there's, you know, a playbook, you know, in development that each one of these states and, and through I is kind of creating like a best practices and hopefully over the coming months and years, this kind of turns into a more formal structure. The NR the restaurant association seems to have a good template for success and, and we're kind of going to shoe shoehorn ourselves in, in, in under there. Yeah.

Francesca Schuler:

I do. I think the good news is we're not starting from scratch. We can follow the national restaurant association playbook, which is great. I think the biggest issue is people paying dues, how it's funded. The really good news from all this though is the state Alliance is our collaborating and in partnership with earth and the national health and fitness Alliance. So we are daily sharing best practices. And so we've talked about how we don't need to have each state doing certain activities. We could pool those together and share resources. So we have a ways to go. It's like a startup is the best way I can describe it. I feel like you know, association entrepreneur at the moment as do all the other Alliance, you

Pete Moore:

Can add that to your personal weapons.

Francesca Schuler:

But I think all of us who are involved, our board's amazing in California and in all the other states, I think we're, we're starting a new concept. Yeah. And so it's going to take a little while to get it right. But we're moving in the right direction, made a ton of progress. And most of all we're collaborating, which I think is transformational for this industry. Yeah.

Pete Moore:

So leave us with a with a business quote or personal quote or some kind of motivational inspiration that you that you like.

Francesca Schuler:

Well, the thing I would encourage people to do is it's been a really long, hard 18 months and would encourage people to take time, to be a little curious outside the industry. I it's just hard to be day in, day out, grinding away. And so being curious is one of my core personal values. I like it. And I would leave people with take a minute and be curious, go walk, other categories, go visit hotels or retailers or something to get some inspiration and kind of reset your own energy because in this industry been slogging it out and we've got our ways to go. And so we've got to keep our own kind of juices flowing and a great way to do that is to go get ideas from someone else. So I'd leave it with that.

Pete Moore:

All right. I'll leave it with it's time to win again, book, title, and our pursuit in life. Just keep winning. All right. Great to see you again. Thanks for coming on. Thanks

Francesca Schuler:

Pete. Thanks for

Pete Moore:

Having me. Appreciate all your work.

Francesca Schuler:

See you soon. Awesome.