



**Complete Transcript: HALO Talks with Julian Barnes**  
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Pete Moore:

This is Pete Moore wanted to officially announce the release of time to win again. 52 takeaways from team sports to ensure your business success. I wrote this book over the last year. I think you're going to love it. Good to great meets wears Waldo pick 'em up for your team. Time to win in 2022. Happy to come to your club, your studio, your company, and talk about ways we can optimize business and win going forward. Go halo.

Pete Moore:

This is Pete Moore on HALO Talks, NYC. I have the pleasure of having a good friend of yours and a good friend of ours. Julian Barnes BFS. We are going to talk about the studio market, the resurgent, and how to educate, support, and empower started with BFS. Julian. Good to see you again,

Julian Barnes:

Pete. Great to see you again. Great to be back second, the time around. Super excited to be here.

Pete Moore:

Awesome. So look, you help people get through a short 24 months. So thank you for your service. Talk a little bit about what you know, some of the lessons learned over the last couple years and how you kind of turned all these, you know, obstacles and, and trouble spots into, you know, the ability to set up a business where you're really in the education and best practices now.

Julian Barnes:

So, you know, today, Pete is the two year anniversary of the world health organization declaring COVID a pandemic. Does it feel like two years? It feels like 20 yes. And two weeks. Same time. Exactly. look, we know from ERSA that 30% of the studio market is closed. And I think it's safe to say that the two primary reasons studios closed were one. They had a landlord who wasn't flexible and two, those studios are probably struggling in the first place. I'm not aware of many studios that were profitable pre COVID having closed the studios with strong management teams, the studios with SOPs and KPIs, the studios that weren't excessively de on third party aggregators, those studios didn't close. So what are the lessons? Multiple revenue streams build your own community, take care of your community.

Julian Barnes:

What we've learned in the last two years is that studios need to have multiple revenue streams. They can't be excessively dependent on third party aggregators. They need to invest time in building a community, building a relationship with the members of their community who pay them directly. They need to have two or three different ways. They're generating revenue, whether it's from nutrition, coaching physical therapy services private training, small group training rentals of their facilities. There has to be multiple, a revenue streams. One studio owner I know had a yoga studio, a retail business and a yoga business. And when the yoga studio was closed during the pandemic, she focused on the nutrition business and the retail business. She pivoted from the part that was closed to the part that was open. So I think less than number one, multiple revenue streams, lesson number two, when it comes to surviving a pandemic, I'm going to quote McKinsey and Darwin here it's make the best decision you can as quickly as you can, no time to Loder, no time to wait and, and, you know, test the marketplace, see how things are going.

Julian Barnes:

The studios I know that did an excellent job in survival SLTs of the world, fitting rooms of the world. Physi 50 sevens made decisions in 48 hours may not have been the best decision, but they acted decisively. And many people quote Darwin, but they stopped quite through the quote. He said, it's not survival of the fittest, but survival of the fittest and most adaptable, most adaptable. So we have all done things with our businesses that we never imagined we would ever do. We were forced to do it. And those people who are flexible and, and not beholden to sacred cows in their business, those are the survivors. Those are the 70% who survive, flexible, adaptable, made decisions, decisively and quickly.

Pete Moore:

Yeah. You know, the, a lot of the takeaways from our end is, is the groups that really decided that hibernation is, is an okay put place to be as well, you know, do your digital, you know, keep your outreach to your community, but you know, right. You know, like a squirrel in long island, you know, you get your, you just want to get through the winter. And I feel like, you know, finally it's been, you know, I say it's independence day was Monday, you know, with the masks off. You know, as you look at, at advising clients and say, Hey, look, this is probably the most severe, you know, trauma. You are going to experience with your business and now you, you, you, you've got your summit set up. And, and the, and the 28th, 29th event with the academy, talk about what people would expect by going to this event, what they're going to learn. And also, you know, the, the understanding that, Hey, now it's not to focus on the, on the, on the elements of the business. It's not time to focus on, Hey, let me show you how to go sign another five leases. Let me show you how to, you know, bring on growth equity. Like, Hey, we're open now. Let's fine tune this machine so we can get this thing going again.

Julian Barnes:

So we're super excited to be producing our fourth ever summit in New York city on April 28th and 29th. As you know, we started in 2018 and this would be at the Western times square. And the day April 28th is education four different programs. The CEO summit is our invitation only summit for the best studios, the most profitable studios, the studios that have a growth mindset and are trying to determine how to scale their business or prepare for an exit that will be 150 of the best studios in the industry will be attending the CEO summit. It is invitation only via application. The focus of that day is developing a growth strategy or these businesses starting off. It features six sessions. My business partner in te tuck will lead the first session on growing personally, because we believe you can't grow your business. If you're not growing personally and professionally, then we have executives like Chris Schreiber from go saga.

Julian Barnes:

Who's going to be talking about franchising and licensing. And we have Amanda Freeman talking about the corporate owned business model, and we'll have other executives talking about the virtual only, and the hybrid or omnichannel model. The point there is in two and a half hours, we're going to discuss the pros and cons the advantages and disadvantages of the five most prevalent business models for growth franchising, licensing, corporate own omnichannel virtual. Only after lunch. We have the CMO from rumble. Rochelle deja is going to talk about marketing your growth strategy, and then we have a financing, your growth strategy. And we end the day with a preparing for your exit succession planning. So in one day, people are going to learn how they can grow professionally, which business model is best for their growth strategy, how to market their growth strategy, how to finance their growth strategy and preparing for an exit.

Julian Barnes:

That's the CEO summit. While that happening. Those studio owners can enroll their managers in one of our BFS academy trainings happening, same building. So Emma, Barry's going to be leading the training on member experience. You know, she wrote the book building a bad ass boutique has never had the opportunity to deliver that class in person at the United. She's going to make that debut at our BFS academy. I'm going to be leading these sales operations training with the support of my good friends, KK Hart, Connie Holand Corey, Angela, and Hensley Ella face one of your friends. At the same time, we have a third training on studio ops that our head of ops Jessica chance is going to be leading. So basically in seven hours, your managers or an inexperienced studio owner is going to learn. I won't say everything, but a deep dive in sales ops studio ops member experience, while their bosses are upstairs at the CEO summit, figuring out how to grow their business.

Julian Barnes:

And that's just Thursday, Pete, we have a cocktail party that night, private invitation for the CEO summit attendees, and then Friday, check this out NT. And I start with our state of the industry as always followed by boom keynote speaker, number one, Sadie Lincoln bar, 376 locations. Last time I interviewed her last spring, she had 160 locations. So during the pandemic, she added 16 new locations. How amazing is that? Then we'll have multiple fireside chats, panel discussions, lunch partner, pavilion, keynote, number two, Jay Guzo flywheel north castle. Now with club sports group commitment to open 300 F 40 fives. I just interviewed Jay the other day. And I asked him, why are you so bullish about the boutique fitness industry? He said, because people coming back, it wasn't broken before the summit. And before the pandemic, it took a global pandemic to lead to the setback, but it wasn't because the business model was broken and he's, he's so bullish.

Julian Barnes:

He left the comfort, the comfort of being an investor, and he back in the operating chair and oper operators model, and he's committed to opening 300 new locations. So that's our keynote speaker. Number two, while all that is happening, we have recruited 20 of the best studio consultants in the country. Who'll be providing onsite one-on-one business coaching to some of our attendees. So if you're not digging the panel on omnichannel or the panel on talent acquisition, you can go downstairs and talk to people like some of the, some of the instructors KK and Corey and Glenfield who's Chris beer Chris beer, a who's who of coaches. So in some, in two days in New York city, there are some intensive trainings on sales studio, ops member experience. There's a CEO summit for the best studios that want

to focus on growth. There's a full day of general sessions featuring Sadie Lincoln, Jay za fireside chats panel discussions, all focus on the theme of the summit is the path forward.

Julian Barnes:

And we were very intentional about that theme. It's not the future of fitness, it's the path forward? Why is that? Cause 70% of the industry is still here. Most of that, 70% is operating significantly below their 2019 number. So they're not thinking about what's the future with wearables and, and augmented reality, et cetera. If you are still open and you're struggling to get back to your 2019 numbers, you're looking for the path forward to do so. And that's what we're going to talk about. April 29th, the summit by BFS 2020 two.com for more information that's what's happening.

Speaker 4:

Awesome. So let, let's talk about a couple of a couple things I want to your perspective on look, the industry was, was always, you know, well networked and, you know, everyone was you know, had had very amicable relationships and we'd go to happy hours together and we'd do some events together. I feel like the, the, the need to, to operate as a a consolidate voice during COVID to try and get ourselves back open has kind of given the opportunity for you to have all these people say, Hey, look, I'm not competing with somebody next to me. I'm competing with getting everyone back. And when everyone comes back, we're all going to be full anyway. So let's not put any guardrails or barriers up each between how we can educate ourselves as a, as a community.

Julian Barnes:

Exactly.

Speaker 4:

Right. Powerplay. so have you seen kind of people change and say like three years ago, they might have said, Hey, Julian, like, yeah, I'll go to that. But you know, I don't really want anybody knowing who my employees are, you know, or I don't want to give it anyone trade secrets away. How how's that kind of changed in your mind?

Julian Barnes:

So we started our mastermind program in May of 2020 maybe six to eight weeks after the pandemic began. And we invited some of the founders of the most successful studios in the country. This is 8 57 fitting room mile, high run club SLT for box union studios. Those are some of the original founders of our mastermind group. And some of them were best friends, but none of them were best friends with each other. Right?

Julian Barnes:

I mean, none. Let me say it differently. While some of our members knew each other and relationships and friendships with each other, none of our original members were friends with everybody. And now we've created an environment where look, let's be clear in the last, in the last two years in our mastermind meetings, there have been multiple times crying tears, laughter shouting, screaming, all ranges of emotion in a 90 minute moderated call for 24 months in a row, you can't help, but form bonds with those people that you are crying with sharing with being vulnerable with that didn't happen pre-summit because those people were so successful. They didn't have the time or the need to share with each other, but COVID has stripped that back. People have been humbled. They've recognized what's

really important in life. Let's not forget we're at close to a million Americans have, have lost their lives in the last two years.

Julian Barnes:

So that doesn't humble you. I don't know what does, so there is absolutely a different mindset among studio owners right now who recognize I'm not competing with the studio next to me, I'm competing against Netflix. I'm competing against the couch. Competing is in action. There is greater understanding of, of our role in solving the public health crisis. It's not big boxes versus studios versus digital only it's all of us are required to get people moving, get people off their asses and, and engaging in some physical activity so that when the next variant arrives and it's attacking people who are outta shape, we as an industry are doing our job to make sure there are fewer people in shape. I think there's a greater acknowledgement understanding and appreciation of that point across the entire fitness industry, not just boutique.

Pete Moore:

So did go into your, your crystal ball here. And you've got all these groups that are now, you know, in a mastermind and you know, someone might be on a, an aggregator like a, a gym pass or a class pass. And then they're kind of sitting around saying like, Hey, why don't, why don't we just like the four of us do this? And you know, we could all sync up through our, our same software, you know, do you see maybe more reciprocal memberships? Do you see somebody saying, Hey, you could buy my membership and also buy, you know, boutique down the street. And we're basically like creating like a block party here instead of like trying to, to dilute ourselves by going to a third party to have that relationship set. And also we get to maintain the relationship even maybe co co-own it.

Julian Barnes:

I don't see that happening. There's a company outta Chicago called my strong circle. That is a third party aggregator, but they do it very differently.

Julian Barnes:

It's you pick the three studios that you want to have memberships with. So you pick your cycling studio, your yoga studio, your hit studio, you pay my strong circle, one membership fee and they are paying the three studios. And what's interesting about that is I remember listening to fi at class pass had a public webinar in like October of 2019. And one of the things he said was they, they knew again, we're using 2019 data. Yeah. They knew that after the first two to four weeks, a new class pass member settled into a routine of going to the same two or three studios. Interesting. They used the first month to explore, discover what they were like. They find what they like, they get a routine, they end up at three. So what or Slava Bava and my strong circle has done is cut out the discovery part. And you just pick the three that you want to go to. Interesting. I think we're more likely see something like that primarily because studio own are not technologists. So your suggestion makes sense if they were, I

Pete Moore:

Was, I was just asking your opinion. I don't want to, I just want to know where you think it might evolve to. I'm not sure where it does, but I like this, my strong circle idea.

Julian Barnes:

Yeah. I don't think we're going in that direction because look, let's, let's acknowledge that most studio, most fitness professionals, fitness business owners don't have a strong technology infrastructure. And so what they do best is build communities around their classes. And I think that's what they should consider what they should continue doing. I'll tell you what I see is more likely to happen. In the next 18 to 24 months, we're going to start seeing studios expanding their business models as we're suggesting moving beyond only selling movement services and start to deliver nutrition, coaching recovery. And and mindfulness, I think that fits into the box. The paradigm that most studio owners are comfortable with, they know how to sell movement. Now, can they sell nutrition, coaching? Can they sell wellness, physical therapy, massage therapy, cryotherapy, can they have recovery services like not just their gun, but you know infrared blankets and Norma tech.

Julian Barnes:

And can they, can they add to the basket of services that they're providing to their so that the clients can start paying the studio owners more money, but it's not just for classes. I also don't think digital is going anywhere. I think we're very much at the beginning of, of virtual fitness. I think it took two years for studio owners to figure out how to play in virtual fitness space. And to realize that for most studio owners, virtual is not intended to be a national brand. You're not competing with a digitally native brand that has millions dollars or VC money funding, their Facebook campaigns. Sure. Most studio owners. And let's remember here that this industry is 80% run by studios with three or fewer locations. So we're mostly talking about small companies, main street America, whether it's urban, suburban, or rural. Most of the companies we're talking about three locations or fewer, that company isn't competing with Peloton, apple fitness, daily burn, less mills, et cetera.

Julian Barnes:

What they have finally realized is that the role of virtual in their business model is to support their existing clients. The clients who can't get to the studio because Johnny's sick or when the client herself is sick or whatever impediment in life comes up, the client can now consume the studio services because we're in an look we've always been in an odd demand world. The people want what they want. That's what Netflix is. That's what Amazon is. It just took a pandemic to bring that on demand mindset, to the fitness community. That's not going anywhere. And so I see studio owners focusing on delivering a greater digital experience to their exist clients. I see them expanding the scope of the services they deliver beyond movement. I forgot to mention one of the speakers at the summit on Friday is Dean Darius Mo, who is the Dean of the school of nutrition at my Alma mater Tufts university. We invited him to speak for a few minutes about the role of wellness, the role of nutrition in overall health. So our attendees can hear from one of the country's foremost ex experts, not just in nutrition, but the Dean is a cardiologist by training. So he's going to talk about the role of nutrition movement together. I think we're going to see studio owners moving in that direction, selling mindfulness, selling recovery, selling nutrition.

Pete Moore:

Yeah. We've always been saying that, you know, if you're a health club operator, you know, you really are the authority in your five mile radius. And there's no reason to, to see that position to some technology company or app that doesn't have any physical relationship or face to face, you know, opportunities. So look, we're going to both be at the at the summit on the 28th and 29th, look forward to seeing you there ripping some halo talks and spending some time with you and all the guests there. I think you know,

Julian Barnes:

Some books as well

Pete Moore:

Go some big, you sell some books, maybe sign some books, you know, maybe trade out some books for SoulCycle class, if I can, or, you know, take a bar class for book say a whole new current. So it'll be like the time to win again. Bitcoin,

Julian Barnes:

Let me remind you and your listens, our summit in April will be the first time the east coast studio community has had a chance to convene in person since the pandemic began. It is not just the education I mentioned. It's also a celebration an acknowledgement of how far we've come an acknowledgement of how resilient the entire community has been a statement of hope. So it's, it's not just a summit. People need this, they need the opportunity to come out and connect and get off zoom and bring LinkedIn to real life and be like, oh, so you're P I see your little picture on LinkedIn. And now I see you in real, in real life. We all need that. That's what's happening.

Speaker 4:

Well, thankfully the comeback has, has started. And I just got noticed that my favorite studios opening again and for, so I'm, I'm ready to get my in-person sessions in. So keep up the good work, great job, getting people through this two year period, which I think we all kind of felt like the goal post get got kept, kept getting pushed back three months. So we're finally here. You guys are well established at the go-to on the studio side and I'm sure great things are come out the event, look forward to being a part of it and appreciate what you guys have been doing. Thanks

Julian Barnes:

For having me again, Pete, and great problem and everything that you're doing with halo talk, you and your team.

Pete Moore:

All right, man. See you soon in person.