



**Complete Transcript: HALO Talks with Lee Hillman
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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. This

Pete Moore:

This is Pete Moore on HALO Talks NYC. I have the pleasure of having one of my initial friends in the health club industry from way back in the day that we won't even recall or want to remember late nineties, good friend of mine, still kicking away and making things happen in the halo sector. Lee Hillman, how you doing buddy? Good to see you. Great, Pete. Nice to see you. You're a young, I've been there longer than that. Yeah. You were like one of my men back in the day, I was like, all right, listen to your earnings calls and talking about power plate back in the day with private equity. So, you know, we've been through a lot, always you. Oh, good. Always we've been through a lot together, but now the industry's probably like mainstream and all this private equity, a venture is in it.

Pete Moore:

We said, Hey, told you so. Right. That's it? That's it. Yeah. So why don't you give your give, give your truncated background here. Most people know who you are and what you've done. So why don't you give your bio and how you got into the industry and then we'll away? Sure. Most people don't maybe know in this industry that I was a partner at one of the big four accounting international accounting firms, an audit partner. I left in 1991 because I was recruited to a former client of mine called B called ballet all the forms of ballet at the time, because it was before it was just the health club business. And I went in there as a CFO in a sign, severe turnaround situation. And we had 2 billion of defaulted debt, which back in 1991 was a big number.

Lee Hillman:

And so it was casualty of the Drexel burn implosion and, you know, a lot of things that you and I remember from those days anyway, it the ballet turnaround went in there, turnaround took several years, but it went well, went very well. We ended up selling the casino group to Hilton hotels. And I came over to run the health club business, which was in need of a second turnaround. And we did that and we grew it to almost a billion dollar company at that time, back in the mid-nineties. And then I ran that business CEO and then followed up as chairman until 2000, the end of 2002 left. And then came

over. It was a dynamic company at the time doing great. As I said, almost a billion dollars in sales and, and making tons of money.

Lee Hillman:

And I left and then went to consulting practice. And then from there guys at this company called power plate found me and we started there and started as a consultant for their us. Were there us distributor one thing led to another private equity backer. We bought power plate at early in 2006. It was about a 12 to 14 million company. And by the time I left in which wasn't more than 30 months later, latest 12 months sales were about 90 million. And we were making lots of money there and about five and a half years later, I came back and bought the company back with some partners. And we company in the five and a half years I was gone had diminished greatly. And not because the, I mean, products are incredible, but we came back in and bought the thing back because such a fantastic brand, such a fantastic product technology.

Lee Hillman:

And we had to spend much of the last seven or eight years since 2013, putting this thing back together in a great way. It's we've expanded the product line. We've the products are incredible. You know, the research, I, I would venture to say that there isn't another exercise product anywhere that is more independent scientific and medical research and powerplay. Yeah. It's research. We see, we see studies come across our transom every day from around the world every week, I should say, around the world. Yeah. It's amazing. The brand power. It is that technology's, you know, been around for many years and people see amazing results on it. I feel like it you know, we see some of this vibration technology now being used in the, in a workout recovery space and you see the results that people are getting, you know, on the power plate, you know, it's almost like it was a, it was a niche and it was kind of like hitting, you know, mass market.

Pete Moore:

I think, you know, pretty much like right when COVID hit, you know, you just heard a lot more people chirping in a positive way about power plate, but before we go into power plate, I, I want to, you've got a really interesting background from a standpoint of not afraid to get your hands dirty. You're obviously a type a guy, but you got a lot of patience. Talk to people for a minute about, you know, when you look at an opportunity such as now, you know, you've looked at deals when you're during a financial crisis, you look at deals now, post COVID, that might not be EBITDA. You got to have a vision, but you also got to be realistic that says, Hey, like this company can be rejuvenated or of this brand could be Reju or the promise could be remade. Or, you know, look, I look at a hundred different deals.

Pete Moore:

Like I pass on most of 'em, but like certain things are special to you and, and stand out. So maybe give us a little bit, if I was coming into you and saying, Hey, Lee, I'm thinking about buying this distress company right now. You know, what kind of like overall guy or questions would, you know, would be important to you to get the answers to great question, Pete. And, and one of the other things I should say is my background. I am have been the director of quite a few public companies. I, some words of directors and on private companies. And I would say if I have anything of a specialty, it is distressed companies, turnarounds and things like that. And so I, I've been through a lot of those experiences. So your question's right on point. And you know, you, for me, you have to look at something without the, the rose color glasses on it and say, is this a business that should be there?

Lee Hillman:

Or is it just a good idea that would be a nice to have, but really isn't a business. And there's lots of those that we see those all the time. And people come with all kinds of great ideas. They're really wonderful ideas, but they need, they need self-support because, because they're not really investible ideas that can be scaled and can be commercialized in the way that, that they need to be to make them something worth doing. And spending time, time is the one thing that you can never get back. And anything else is, is replenishable, but time is not. And so you have to keep that in mind at all, always when you're, when you're looking at opportunities. And we you know, we get quite a few of them now at power plate also. But we you know, over, over the years, I can't you, how many, well, you, you, you know, you, and I know how many there have been people call you and say, Hey, I got this great idea.

Lee Hillman:

Would you mind looking at it? And I'm, you know, I'm pretty easy going guy about it. I look, I like to look at things and, and, and you have to advise them, you know, honestly, as to, is this something that can be done? And if so, how you, he getting done and, and what, what needs to get done? I mean, how you go through it too. Yeah, no, I do. You know, we, we've made several investments and, you know, as most people have seen in the, in the public markets, there are companies that are deemed a great idea yet. Haven't made a dollar of EBITDA. It might not make a dollar of, of EBITDA for, for years to come. It might be valued at multiples of revenue. And those executives might be, you know, high flyers that think, you know, like, Hey, I'm, I'm, I'm killing it.

Pete Moore:

You know, based on my Prema or post money valuation, give us a little insight into, like, when you're in get involved in a business, that's losing money, you know, it's going to lose money for a period of time. And I, I have the same issue and I'm, I'll give you my answer after yours, but how do you psychologically continue to motivate yourself and the team to say like, Hey, this thing's not turning. I remember desert aside. I remember like hedge funds used to like buy companies and they'd be like, holy shit, this thing's not fixed. It's like been three months since we only like, bro, that's why you were able to buy it for nothing. It's cuz it takes a lot of time to fix it. So how do you kind of calibrate if you're going to get into a distress situation and now, you know, it could be a year, it could be three years could be longer.

Pete Moore:

How much runway do you want in the bank of someone else's money to, to get through that? Or how much sleep do you lose? Like me saying, like, you know, Hey, I didn't, I kind of underestimate how long this was going to take to fix. Yeah. Well, I mean, power play was one of was that this time as well, it was, it was the fix the first time happened faster and I had a, I had a bunch of money behind me that time made it easier this time. I didn't but we we've made the fix and look there, there is no magic number, but I'll tell you what you're exactly right. Guys. Often think they they're very high flyer business is not making money. The first thing I look for when I'm looking at that situation is the, is the founder or the person running it?

Lee Hillman:

You know, how much are they taking out? If they're taking money out of a business, that's not making money, there's something wrong. There's something it's Sal, you're saying it's salary in addition to right. If they're trying to take money off the table at the time of the, the deal, everything to tell that's right. I mean, either one it's it tells you, it tells you something about the mindset, tells you something about the

dedication and it tells you about, about the incentive they have, right. To make it work. And you know, that's, you know, I value people that are willing to make that sacrifice. And you know, maybe it's not zero, but it's, but, but make the sacrifice to you know, to make sure that this thing, whatever it is works, and it's not easy, it's not easy. Cause sometimes you got to bring in a lot of other people to help you.

Lee Hillman:

And you know, people don't come help you just out of charity. So it's you know, it's something that is extraordinarily important. I don't, I can't tell you that there's a formula for it. If you got to look into the soul of every person that you're dealing with I'll tell you here at power plate, it has taken, it took me years to sort of hone the team to where I wanted it to be with people that I wanted to be, you know, be with and have around me. And that were willing to, to do the things that took to, to make this what it, what it can be. And you know, and in this case, we're, we're dealing with a company that, that of course was 90 million in revenue, you know, and, and very profitable 13 years ago. And it's, it, it is on the way that direction again.

Lee Hillman:

So we, we need to realize that we need to do the smart things to get us there. It's you know, it applies to any business I, you and I have you and I have even talked about some businesses that yeah, sure, sure. How do you I want ask you a question kind of somewhat adjacent to that at is there, there are a lot of founders. You're not you, aren't the founder of power plate. However, you know, there are founders that see someone else buy their business. Then the business, you know, inevitably goes south. And then they feel like this personal, like conviction to go back and be like, I'm going to go back and like save my kid from, you know, like the swimming pool. And, and they end up going so deep into the swimming pool that they forgot like, Hey man, you already cashed out like move on to your next opportunity.

Pete Moore:

Right. And like, you don't have to live in a rear view mirror. So how many success stories have you seen with that? Or maybe like somebody came to you and said, Hey, I'm going to go buy back my business. And you're like, do like, just keep, keep going down the road. And don't, you don't have to look back like that's not your responsibility or maybe it's I, you know, I think, I think you see, you see some that are successful. You see some that are the guy who was the most successful at it. Although he didn't know the whole company was Steve jobs, right. That's a guy who went back. That's a great, that, it's a great comp we can end, we can end the podcast now. Thank you. Good, good luck. Let's a young stop right there. That's a podcast. Stop Lee. Thank you. He did it.

Lee Hillman:

He did it, but you know, look, there's a lot of, lot of people it's not, it's usually not a question of the person. I mean, you have to assume that the person knows what they're doing and they were due. And they mean has the drive to do it because they've done it before. If you don't have the drive, you shouldn't even attempt it. But what it takes is the, is the, is the, the, the thought process and the visibility of clear vision of what the company can be. Right. And, and what it should be. And, and do you have the, you know, the passion and desire to do it all over again? I had that experience, that opportunity at ballet. And I, I chose not to go there because it, I thought that the damage and was just too great. Unfortunately yeah, but in the case of power plate, boy, I, I tell you, this is, this thing is it's, it's the most unique technology there is.

Lee Hillman:

And people have begun to realize it. And, and, and as you know, virtually every pro sports team, virtually every col collegiate athletic program, hundreds of hospitals, hundreds of medical situations in the us and around the world, they're, they're totally into it. And, and when I say that, I mean, they're, they're utilizing it and getting incredible results, you know, and, and many other areas of business. So because of that, I looked at it and I said, you know what? This is worthwhile. Yeah. Cause it can change the world and it can change people's lives. It, you know, I, wasn't going back to, you know, buying a restaurant back that I used to own. I had a couple situations I could have done that I didn't want to. Yeah. But it's important. Yeah. I mean, what you're, what you're hitting on is, and what I wanted to, to have you pin on is, you know, there are times when people make decisions too quickly, whether it's an equity partner, whether it's a deal that that's come back around that they want do.

Pete Moore:

And I, I don't think they fully lay out and I I've been, you know, subject to this, myself where I'm like, okay, what's the upside here? What's the downside. The real downside. Yeah. And what's my return on time. My, my buddy, Brett, Keith, her harps on me, all that just like you mentioned, like I can't get my time back. So if I'm going to deal with these distressed opportunities, it needs probably a hundred percent of my time, which means I'm not going to be able to see the growth equity deals. So I'm basically banking on the return of this distress deal. One on a daily basis to like, I want to be happy doing what I'm doing, you know? Yeah. And going into like, you know, the star wars you know, trash compactor and try and get out versus like, Hey, let me go start on a nice football field and run some 40 yard dash is like, it's lot easy to run the 40 yard dash on nice new Asher turf field.

Lee Hillman:

Right? Yeah. We, you said the key thing there it's do you, do you love it? Do you believe in it? Those are, those are imperatives to me. Yeah. And that's the, that's the thing that brought me back here is that I truly believe that this is, this is a situation can change people's lives for the better. Yeah. And the people that I have around me are passionate about it. And, and we we're here on a mission and it's, it's a doing by doing good, you know, we'll do well by doing good. And it happened once before. So we know it could be done again and now we're doing it with better, better support, better, better scientific and medical support, more customers and, and more experience. And, you know, over two and a half billion sessions been done on our, on a power plate, for example, I mean, it's, it's you know, but you have to have the passion for it.

Lee Hillman:

You have, you have to have a, a mission. I, I think is the, is the key. And, and I feel like I have a mission here to change people's lives and you know, it's made my life better and I, you know, and I'm, but I'm not a, I'm not coming at it as a zealot. I'm coming at it as a, this is a business. This is, this is a product that people need to know about. They need to experience. And once they experience it, they'll, you know, it will help improve their lives. They'll find ways to, to use it. Yeah, that's great. And one of the things I wanted to talk to you about is something that, that is an unusual characteristic of power plate. In all these years, I was starting to talk about the teams that use it and the, and so forth.

Lee Hillman:

We unlike a lot of others that you see out there that are clearly signing up out of sports celebrities, particularly to endorse their product and so forth. We've never done that. We you know, occasionally

we will give somebody a product or something in exchange for a whole bunch of work they'll do for us, but largely most of these, well, all the teams and, and almost all the celebrities purchase our product themselves celebrities the same way, Hollywood celebrities. And it's a, it's unusual in that, in that for all the years we've been in this business, we've never had to pay a celebrity. We, you know, we had one that to us that just said to us, finally, Lee, you know, I've been using this product for almost 15 years and I use it every day and I want to invest alongside you got the greatest products in the world.

Lee Hillman:

And so we took in Mark Walberg as an investor. And Mark is a, he's a great partner. He's, I mean, you couldn't have a more authentic guy. He literally does use our product every day. He takes our products with him to movie sets around the world. He's always on, you know, and this has been going on for, you know, way over a decade. So it's you know, that's something that is unusual. Our technology is first thing that sets us apart. I mean, there's nothing in the world, like a power play. There's others that say their whole body vibration and stuff. I, I, I would, I would challenge as to whether it even is vibration. I'm not sure that a Teeter totter standing perpendicular and a Teeter totter is vibration. Yeah. There's a benefit to it. There's no doubt. And there's some things you get out of it, but as you know, Pete, anything you do on the ground, you can do on a powerplay.

Pete Moore:

Sure. No, you, it several times. I mean, it's a great, it's a great workout. Right. You know, when you think about, you know, like, let's think like a, the body and hype rice, like five years ago at the Earth's showed down in San Diego, you know, these guys run around with these, like, you know, the wall plaque and Decker tools. And I'm like, oh, that that's pretty cool. You know? And then they've turned into what they've turned into. Yeah. Part of that's vibration technology. And then, you know, some other things on the, on the medical side, but it's not a, it's not a full workout. How much of the, the power plate's future success depends on educating the consumer. You know, you're always educating the consumer in the case of power plate, the platforms themselves, that education we very virtually all the virtually all the, the water on that one, because as I said, there's nothing like a power plate and others, you know, they, they produce something, they call whole body vibration, but it's not, none of it works like power plate.

Lee Hillman:

Power plate is a, it's a unique system. We are constantly advancing it. So we constantly need to educate people on it. However, the research side of it, we don't spend any money on that. All this hundreds of, of, of university and medical center, research studies, we don't spend money on that. That's done independently of us. Most often. We don't even know that it's happening. I received two studies the other day that I saw for the first time that came out of Japan that we had nothing to do with. I mean, that's just, you know but what were they doing? They were doing like, were they doing like comparisons of like weight loss or months? So mass, you know, over a period of time, these were medical studies. These were medical studies out of a hospital. Gotcha. In Sendai that one of them was on type two diabetics and the benefits that they get from power plate and controlling their glycemic levels.

Lee Hillman:

And the other one was on cognitive function, cognitive function for people that had or aging or had cognitive disabilities and how the power plate caused their cerebral blood flow to increase and therefore improved cognitive function. Now that's pretty heavy to up, isn't it? Yeah. But you know

what? It applies to everybody. And, and it's you know, that doesn't sound like your, your normal gym stuff, but there's an awful lot of that that goes on too. And there's, you know, constantly seeing studies on, on explosive power, on flex, on speed training on, you know, you name it, jump height. I mean, why do all the NBA players use it, you know, get on power plate for 30 seconds to a minute and your jump, height's going to go up 10 to 15%. That's useful. And if you're playing in the NBA yeah. If you're on drafted, like I that's 49.

Pete Moore:

I mean, I got to plan my future accordingly. That's right. But I've often said to people and, and, and people don't realize that when you're watching an NBA game and a guy's coming off the bench, you'll see them first go off bench and go off underneath the stands or go off into the tunnel rather, and come back maybe 30 seconds to a minute later. And then they take off their sweats. And then they're, they're ready to go in the game when they went off in that tunnel, more likely than not, they jumped on a power plate for a minute because that's what prepares them. They get better prepared. And, and, you know, you, you see all kinds of NFL guys, you know, they wouldn't come off the field, the practice field, or the, or the, the game day without jumping on a power plate to enhance recovery.

Lee Hillman:

It's the best recovery tool there is in the world are none. And, you know, we've got all kinds of testimonials on that, but you know, you, you can't get that kind of recovery benefit any other way. What we do have, well, we do need to do is to, because we're at the top of the pyramid, we have incredible credibility at the top of the pyramid. What we need is for the rest of the world to find out about it. Yes. And maybe, maybe you should put a little mini camera in the power plate that are in the NBA teams. And then you can be like, oh, check out who just chopped on a power plate. It could be like a video, you know, they post going around every team be like, yo, this guy's on a power plate. Right. It's funny. You know, you say that they post on their own enough.

Lee Hillman:

I mean, sure. Christian Ronaldo, that's an example. That's a guy that he's the most famous athlete in the world probably. And couple times a year, Christian Rendo will post without, we have no connection with C, except that he has a power plate at home, in, in his gym at home. And he posts something that, you know, either he's using it or his son's using it or his fiancé or somebody, and, you know, it's the same thing with many celebrities there. There's just a, a ton of them that do that. We had who was it just recently? Oh there was article written several articles, a whole series of them written about Steve, the very famous rock star. Right. And about how power plate has been an integral part of her life for 15 years, she wrote in her book that power plate helped save her life at one point.

Lee Hillman:

Wow. You know, when she was going through a depressed time, well, okay. 15 years later, we see something about cognitive function and how power plate helps the brain. You know, maybe there's a connection there. Yeah. That you can get into the, into the athletic stuff. It goes on all the time. We, we have athletes, you know, posting about, about power plate and a funny story, Derek Henry, right? Sure. Mr. Superman in football. Right. when he was in Alabama, one day, we get a, we get a call said, you got to see this article that's in. I don't know the publication that it was in. It was a athletics publication of some type big article. Derek Henry's sitting on a power plate doing the interview on a power plate and it talks about it. And he talks about power and how great it's. This is when he was in college.

Lee Hillman:

Now we get a co we saw this article. We didn't know anything about it. We, you know, that's nice. We didn't think anything about it, about it any further, couple weeks later, we get a call from the compliance officer at the university of Alabama on their NCAA program, admonishing us for getting Derek Henry to do this, this interview once our, like this sponsorship. That's funny. We had nothing to do with it whatsoever. Nothing at all. I mean, you know, but do athletes realize that power plate helps them? You bet. That's is Derek Henry now over at the Titans, you know, using power plate? Well, the Titans have had, they were one of the first NFL teams to go big with power plate, and I'm sure he is using it all the time, but, you know, it's just that kind of thing that we hear.

Lee Hillman:

We'll see some sort of a feature on the Chicago Blackhawk about their training methods and their both conditioning and training. And they'll be showing the, you know, their gym at the stadium at, at the United center and there's the power plates lined up. That's awesome. And they'll be talking about it and they'll even have, sometimes they'll be, you know, they'll have kids or they'll have reporters get up out in the power plate because it's special. It does something, nothing else does. That's great. So in the show notes, we'll put up some of these links to some of these medical reports. It's great to have on I'll, I'll come, I'll come down to Newport my couple weeks to catch up my chief marketing office. We can get a bunch of that stuff you want we together. So in closing here, you want to give us a quote that you live by, or one of the, the Hillman ISS before we out here.

Lee Hillman:

Sure. Well, one of the things I, I always, I always live by this is some advice that a former mentor of mine gave me, which is that you have to have nine eyes. You have to be looking around all the time. If you, if you get lazy and you stop thinking about things and you stop looking at going on around you, the world's going to pass you by. And I like it. That's one, every time I talk to you, I could give you another one. Let's save that one for the we'll save that one for the sequel. Congrats. I'm getting back. Good to see you again in person at, at ERSA and look forward to getting powerplay as part of my home and hybrid workout regimen. So we'll talk about, I'd love to see that I'd love to see that man, to see you in California soon. Yep. You got it, buddy. All right. Take care, Pete. Thanks.