



Complete Transcript: HALO Talks with Cale Owen
Posted August 30, 2023

Pete Moore ([00:00](#)):

I am super excited to announce that we now have a formal partnership with the Prospect Wizard. And when I say Wizard, I mean Wizard. Obviously you have a website. This allows you to convert your website traffic visitors directly into leads. It's not just another chatbot and it's not ai, but it allows a visitor to call, text, or leave a voicemail immediately goes to you, your sales team, or anyone else in the club instantly. MIT shows a study that if you contact the lead within 10 minutes, chance of them converting goes up nine times of the average. We got the Atlanta clubs on it, Vita Fitness, Gold's Gym, mountainside City Fitness, Philly College Park become one of the next halo companies to deploy the Wizard. It's easy to use. Go to the prospect wizard.com, get a free 30 day trial, talk to about boy deed Galland. He will get you all set up and let the leads flow based on the wizard. Go get 'em. This is Pete Mor on Hilo talks, N Y c I have the pleasure of somebody I follow and stalk on LinkedIn. Kale Owen, good to see you coming in from Jim Launch. He's got several businesses. He's one of the focal points when it comes to getting people to actually execute, get on the field and play your best game. So I'm excited that he's on the show and I'm excited to hear some words of wisdom. So Kale, great to see you personally,

Cale Owen ([01:26](#)):

Pete, it's a pleasure man. It's an honor to be on here.

Pete Moore ([01:28](#)):

Thanks buddy. So for the people that don't know about Jim Launch, you want to start with that story and kind how you got to the point where you are today and we really saw opportunity where a lot of people in this industry kind of just say, Hey, my attrition is what it's my sales are what they are. And I feel like you've kind of changed the narrative that hey, lemme wake you up towards real. So fire away.

Cale Owen ([01:49](#)):

Yeah, without a doubt. So Jim Launch was started and founded by Alex and Lela Ozzy. If you're unfamiliar with them, go on to Twitter, any social media, TikTok, Facebook, Instagram, you'll see their face, you'll see them. Just search Alex and Layla Ozzi or acquisition.com. They founded it back in 2016 and the way that they founded it was very different than how we do it today. But basically what they did is they flew into gyms and they did essentially gym makeovers where they would go in and they would fill gyms at 150, 200 new members paying high ticket prices within 30 days and then they would jet out

and drop into another one. So they would parachute in, save a gym, dip out, go to the next one, not a really sustainable model. So what they switched to in 2017 was a licensing model where they built out information courses plus coaching, and they built this out where it was very much a do it yourself style program where you hop in, you learn how to do exactly what they did and they sold that licensing to a bunch of gym owners and that's how we started scaling.

[\(02:45\)](#):

So Alex and Layla started that. They've since come on to be, I mean just incredible entrepreneurs. They're building their own next company acquisition com and absolutely crushing it. But Jim launch here, what we're doing now, and I was actually a client first back in 2017, I think it was the 13th or 14th client in 2017 to sign up with a new licensing model. And I've been there for obviously since then. And what we're doing now today is very similar, yet we've added a lot more done for you system. So in a world where the consumer is wanting more and more things done for them, we've started adding much more onto that. So we run gym's ads, we're releasing an appointment setting service for them, we help them with all their sales training, we do daily sales training, we give 'em the scripts, we give 'em exactly what to say, we give 'em all the fulfillment best practices, we can give them messages to their clients on what they need to be sending their clients to check in with them to make sure their clients are happy to retain them, all these things. But in a nutshell what we do is we help gym owners make, reach more people, change more lives and build wildly profitable businesses. And this goes for clubs, this goes primarily, we've started primarily in the micro gym space and then we have since in 20 20, 21 we started going more into the health club space. We saw a massive opportunity, really a massive hole in the health club space where a lot of health clubs really aren't capitalizing on doing more high ticket things because they're losing a lot of money to micro gyms in our opinion.

Pete Moore [\(04:03\)](#):

So lemme ask you a question because this is the conversation I have with software entrepreneurs and agencies and for the audience background, either I can provide you a software and you can use it yourself and hope good luck, or I could actually manage it for you and you're basically a client and I'm almost like your marketing agency or I'm your operational force. So when you look at this, there are a number of entrepreneurs that say, look, I do the software, that's all I do. I'm a tech guy, okay, do your own thing. I'm stepping back from here, good luck. Pay me my licensing fee and it's on you. Right? So how do you look at that? What would be your response if I said that's where your business should be and how deep are you with actually doing the operational day-to-day with these clubs and gym?

Cale Owen [\(04:47\)](#):

Yeah, the operational day-to-day is a little bit difficult for us. If we could, we would do as much as we possibly could for them. We try to do as much as we possibly can up until the point of sale and we're actually focusing on trying to do sales for gyms as well. We're trying to figure out ways to do that, but we'll crack that in the next six months to eight months. But everything, what we've noticed in the gym space is gym owners are very good in the gym, they're really good in understanding the operations of their gym and they would prefer to stay there. Where the problem lies is where a lot of gym owners really just struggle and where a lot of gyms go to dies on the marketing, advertising and sales side, the acquisition side of things. And what we found is that over time it's really, there's a broken model out there with businesses where they really either rely on word of mouth, SS e o, terrible offers on social media and they think that if I just build something and I put some word out and maybe I throw some s e o up, maybe I get a decent website and maybe I have a brand and I try to build something that I'll keep growing when in reality we all know that that's not what happens.

[\(05:46\)](#):

We have to pay to play and there has to be advertising in there. The question then becomes is what is the offer and are we able to monetize on that offer enough to where that new client that I just signed up from this ad that I posted pays not only for themselves the cost to acquire themselves but also pays for the next person plus profit in the first 30 days. That's the equation we look for is can we make a profit and pay for two new customers right at signup? And so that's the game that we play and so we teach gym owners and we teach club owners how to be able to do that.

Pete Moore [\(06:18\)](#):

So we go through all the franchise disclosure documents and try and get the p and ls of as many clubs and studios that we can on their item of 19. One of the things, this number might be moving around a bit, but the average Planet Fitness spends \$12,678 a month on advertising and then I go to a Gold's Gym conference or go to the independent brand conference with health clubs and they're like, how many people spend that? Obviously nobody raises their hand. They're more like 2,500 to maybe 4,000 a month per club. And then they say, aha, now I understand how the Planet Fitness bottle works because they are constantly adding rocket fuel to that sales engine regardless. We'll talk about the fact that a lot of it comes out the back, but the point is when you look at a micro gym or you look at health club, what do you tell them you have to spend and how do you tell them that it's an investment and stop thinking about as an expense?

Cale Owen [\(07:17\)](#):

Yeah, it comes down to data, it comes down to the math of it. So we teach a lot of our clients that they can sell a 5 99 product day, one full cash paid in full for a six week program or even a four week or an eight week program to start. And this goes for clubs as well. We're doing this with health clubs and health clubs are crushing this where they're collecting 400, 500, \$800 down with new clients coming in and they only spent a hundred dollars to acquire that person. So here's where it becomes, and this is the analogy that I use, is, okay, Pete, if you're sitting there in your office right now and there's a slot machine over in the corner of your office and I put a dollar into that slot machine and that slot machine gives you \$2 back, what's your marketing budget? What's your slot machine budget

Pete Moore [\(07:59\)](#):

As much as you can afford to put to work for me?

Cale Owen [\(08:03\)](#):

Correct. I'm going to take that \$2 that I gave back and I'm going to put those back in and I'm going to keep getting money back out. And so essentially I don't have to pay, need a marketing budget at that point. Planet Fitness is a perfect example. Their churn, we can talk about their churn and how it seeps out the back on that side, but when you look at it, they know their numbers enough to know that the L T V of their client, they can spend up to a certain amount and they're going to be able to be profitable. And the problem is, I think most health club owners and most gym owners actually don't know their numbers and then they're not able to play the right game. They're not able to play a profitable game because they just see money going out the door and while they may not be collecting cash up front, their cashflow struggles, what they need to be thinking about is cool, what is the L t V of my clients and am I able to stay cashflow positive month after month? And if you have the right offer, the right price point and then the right fulfillment, you can do this and just continue to scale and scale and scale and then you don't have to be sitting there being like, oh, I'm scared to spend 4,000. I mean we had gyms

had micro gyms, micro gyms spending \$20,000 a month on advertising and they were still minimum two to one day one on their advertising. And so when you think of it that way, it's like I can just keep spending. Why not?

Pete Moore ([09:09](#)):

It's almost like you just need a little bit of money to start the wheel and then the wheel keeps going. People are like, oh, I can't afford 150 tasks, actually only need 10, just put the 10 to the hamster wheel. Let's get

Cale Owen ([09:21](#)):

Rolling. Yeah, perfect example. Going back to answer your question, we actually start with Jims. We tell them our suggested rate is a hundred dollars per day. So let's just say you spend a hundred dollars per day, day one, you get 10 leads. Let's say three people show up. Let's say you're not great at sales and you only close two of them, right? Or four people show up, you only close 50%, you close two of them, but you close those two people at let's say 5 99. So \$600 a piece, that means that's \$1,200 that you just made. But here's the kicker, right? Pete, we've also know that that money's not going to hit your bank account for a second because you got payment processing, it's got to roll in and they're going to hold it for a second. Day two, you do the same thing, right? So now you're \$200 out, but you still signed up for people. Day three, you do the same thing. By then maybe the money sit your account, but by day four the money sit your account and so you're already r o i positive and you can just keep spending and spending and spending and spending. That's what we call client finance acquisition. And that is the system that really has helped not only our company scale, but also gym scale.

Pete Moore ([10:12](#)):

And from a standpoint, because this is where I see the rubber sometimes doesn't hit the road. It's like, okay, we're going to keep running this. Who on your side is actually monitoring that and is there anything that the club owner needs to do except just check and say, all right, here's how I did and negative off I feel as a club owner, they're the obstacle in the win.

Cale Owen ([10:37](#)):

Yeah, that's an exceptional question. So we have a full team that we've built around our best practices and we monitor, optimize and adjust ads on a either daily or every other day basis. So we're still checking them every single day. If they don't need to be optimized, we're not going to touch, we're just going to let 'em keep going, but we're checking them to make sure that they're in our KPIs that we need in order for our clients to be the most successful. And then we will change the creative. We do all the creative, we do everything that's needed. We set up any of the copy, the creative, if there is a lander, even though landers don't really work that well today on B2C traffic anyway, but if they're, we set all those up, we create all the connections, we create all the systems to alerts for your sales team to know when a lead comes in all their contact information, if they schedule an appointment, if they didn't, then when we roll out our done for you appointment setting service, they won't even have to touch it. It'll just literally be you don't have to touch anything and then they show up and you sell them.

Pete Moore ([11:29](#)):

Got it, got it. When you use this 5 99, are you specifying a different type of membership or a different, Hey, you're going to get a six week lap bootcamp or whatever you want to call it, but are you selling something different than what they might be doing on their own?

Cale Owen ([11:47](#)):

We try to make sure that we adjust what they're doing. Micro gyms are really easy, but in health clubs we adjust the offer and the pricing based on what they're already currently doing. We don't want to have them have to recreate everything because we understand how complex it's inside a club with so many people. So our goal is to figure out, okay, what's currently doing that? We could bolt this service onto, add a couple things to make it very, very valuable. So there's value perceived in the marketplace that people are going to raise their hand and say, yes, I want to buy that. And then the cool part, and this is what I tell club owners all the time. I spoke at Ursa last year and I just went through this and it really comes down to the fact that health club owners are in a position where they should win all the time.

([12:23](#)):

They should crush micro gyms because they have everything they need to win. The problem comes down to the value perceived in the marketplace, and they're perceived as a commodity most of the time because they are seen as leasing equipment in space. That's really all it is. It's like I'm going to pay this money to be able to have access to something. The problem is, is that in order to see transformation, the average American needs three things. They need fitness, nutrition, and accountability. All a health club does is give them fitness and even then it's sketchy because they still don't, most gyms don't even teach them how to do it. The good ones do, but they don't. They try to get them with a personal trainer, but everyone knows that's going to happen anyway. So there's a better way to do it so that when you onboard a client, and we all know that if we have good onboarding, we can increase retention in the first six months by over 87%. And so if we do that correctly, not only is the client going to be more invested because they paid more upfront, they're going to have a better onboarding experience, they're going to see better results, which means they're going to be more bought in and they're going to associate that reward with the physical transformation with the location, which means retention is going to go up and you're going to collect more cash.

Pete Moore ([13:30](#)):

So while you're on the award reward, we're involved with this company called Promotion Vault. They do gift cards and they do like, Hey, instead of doing zero down first one free, they'll say, here's a \$50 Lululemon card if you sign up and here's a 25. If you get your friend, there's a breakage that benefits the clubs. What's kind of like your mantra related to hey, gift cards, reward systems, points, discounting? I'm assuming discounting is a word that you kind of brushed into the rug long, long time ago, thankfully, and thank you for doing that. What are your thoughts on reward systems and a lot of other companies in other industries are reducing their rewards right now? We're talking about that after the look at it.

Cale Owen ([14:11](#)):

Yeah, I think that's a bad move for a lot of people, but I think reward systems have to be done very creatively. So here's the thing. I think in the gym space, and I'm taking this from the micro gym space where I've spent most of my time, but I also see it in the health club space is that rewards typically happen where we reward someone for a behavior, it's normally too late, and when we reward them, we give them something that we as the gym owner or the club owner think is valuable. Instead of trying to truly understand what is most valuable for the client, what do they value, what is something that they would see as a reward, which is why I like promotion vault. I think it's great. We had chats with them and I like the idea of that. I think that what needs to happen, first of all is if you're going to reward someone and try to train them on their behavior, the closer the proximity is in the reward, the closer the reward is in proximity of time to the actual behavior that they did that got them reward.

[\(15:02\)](#):

The closer that we can make that happen, the more likely they are to repeat that successful behavior. So we want to cut down that time, so as soon as someone shows up for their first class, we should be rewarding them right away. Now, it could be something as status, it could be a gift card, it could be a shirt, it could be something. But the goal is to consistently be rewarding people by and all you're literally doing, it's just like, I hate to say this, but it's like when you're training a kid, I got two kids, I want to train them on positive rewards and I want to make sure that they understand when they do something well without me even having to say it, I can reward them so that they associate that behavior with the reward and it has to be close. It can't be an extended period of time. So I like gift cards, but my thing is that it just has to be valuable to the client. So if the client doesn't care about supplements, doesn't care about your gym as much, but they really care about the local baseball team, get 'em tickets, right? Get 'em two tickets to the game.

Pete Moore ([15:54](#)):

I said that the other day

Cale Owen ([15:57](#)):

For me. So here's a perfect example. At our gym we had at our peak, we had over 250 clients. We were micro gym and we had sub 3% monthly churn for over a year, which is difficult. So industry average in the micro gym is roughly 12 to 15% depending on the region and where you're at. So the reason we were able to do that is because we found things that we liked about our clients. We did intake forms, we found out what they liked, we truly liked, and then what we did was we rewarded them with things that truly mattered. One of the things was one person was like, I love Disney. Disney's my favorite place to go. All that stuff. Literally just got this person a key chain one day randomly a Disney key chain used it. They said it was the most thoughtful gift they'd ever received. It cost us five bucks, but this person was astounded. They were like, I can't believe I just mentioned that in passing, that I love Disney. We're like, we know, we understand. We care about you. When I saw this, I thought of you.

Pete Moore ([16:49](#)):

That's amazing. I was telling people that there was this conference I went to was all these tech people in the London Hotel, LA Tech Fit Summit or whatever, and they're like, what's the future of fitness? I said, you can't have artificial intelligence until you have intelligence. So let's focus on getting all this information in Disney and what their kids do and what their goals are. I think that's amazing. It also triggered me on like, Hey, what are the rewards? Maybe I shouldn't give you a gift card option. Maybe I should just know that you like this brand and that's the only one I'm going to show you. Now it looks like I remembered

Cale Owen ([17:25](#)):

Exactly, but there's a deeper problem right here, and Pete, if you don't mind if I go on a tangent real quick, is the problem with most gyms when they think about rewards is they just think about the cost. And here's the deal. If you're not able to either ascend clients in the value ladder in the pricing ladder to offer higher levels of service with better margins, you're not going to have margins to a churn burn or a lower tier pricing option. You have to have other ways to monetize. And what we like to call it is basically dipping into spending wallets of a client, and that could be supplements in your pro shop or whatever, but you need to be able to maximize your profit per a client. Otherwise you can't have the money to do these rewards, which then just is this vicious cycle of a gym where you just keep signing

people up and you're like, why are people leaving? And it's like, I want to do these things, but I don't have the money not only to cover that, but I also am struggling to make my own money and struggling to pay my staff, all these things. So gym owners need to understand that they need to solve for profit first, which gives them the opportunity and the ability to give back to their clients and build something sustainable.

Pete Moore ([18:30](#)):

Got it. That's great advice. I want to ask you a question because something came up. I was at a Gold's Gym franchise seminar and we were talking about, Hey, what if instead of playing zone defense, we play man-to-man defense. And we say, and I asked one of the guys, how many members do you have in your club? He's like, 3,500, how many employees do you have? It takes a minute as up the part-time, full-time, 35. I'm like, what if you give a hundred names to each one of your employees and make sure they know everything like ka, you just talked about everything and then they're responsible if they actually cancel, that's on your hundred top a hundred list, right? Everyone's got a top hundred list. Have you seen that done before? Is that a crazy idea? Why is that happening? What would you do? You probably know everybody's name at a two 50, I'm sure at every Stanley number. Yeah.

Cale Owen ([19:22](#)):

Okay, so first of all, I'll answer why people don't do it. It's because it's hard work and because you can't, it's scaling the unscalable because it requires actual hard work and actual just throughput. That's the first reason. What I would do is very similar to that. So we actually instruct our gym owners to do this, and I believe that this should happen regardless of the size of the gym is you take your members, you break 'em up into however many groups you need to base on how many people you can do the reach outs to and you should reach out to them. We tell our clients, and this is what we found through retention, best retention practices, is be reaching out to your clients at least once a week, at least once a week, preferably twice a week, and just checking in on them and just hitting them up.

([20:03](#)):

Once a month, you should be sending a handwritten card to your clients. If you are a bigger scale, you could do it every once a quarter, but that should be a handwritten note that is from a team member that's just letting 'em know you're thinking about 'em. Maybe if you've noticed that they've hit records on check-ins and coming into the gym, just shout that out. If you notice that they've said something about you've noticed that they look better come in. If you're keeping track of any weights or any metrics, you can let them know, great job on this. But these little touch points are stow key. And so on the micro gym side, what we do is most of the time it's easy enough for gym owners to just do four different lists and then they just rotate between the people and every month they hit up a different group. That's it. And it's their job, but you're right on the same path is like you should know their first name when they walk in. You should know their first name with everyone. That should be the job of everyone at the front desk, everyone in the staff. If I walk into a gym, they should know my first name. I go to a gym locally here, which you actually working on some stuff in the background with that, which is really cool.

([21:03](#)):

There's two people that know my name and they're never there when I go, so no one knows me. I could go in and out and no one have any idea. I was gone for a month, never got to reach out,

Pete Moore ([21:13](#)):

No one

Cale Owen ([21:14](#)):

Reached out.

Pete Moore ([21:15](#)):

It's funny, there's these AI groups that are out there right now. I'll tell you, the people that are going to cancel pay me 15 grand. I'm like, are you kidding, dude? Pay me \$5, right? It's so easy on, I'll just show you. You got the phone. Make it hard to break up with me. Well,

Cale Owen ([21:32](#)):

Here's the easiest way, right? We're all using technology. Club owners are all using technology to track people walking into the gym. Just cross-reference it with your total client list and then reach out to all the people that haven't come in. And then here's a crazy idea, do it every week.

Pete Moore ([21:45](#)):

Do it

Cale Owen ([21:45](#)):

Every week if they haven't checked in,

Pete Moore ([21:47](#)):

And there's your data scientist right there. Call that guy a data scientist. There

([21:51](#)):

You go.

([21:55](#)):

This is Pete Moore. Here's the last tip for you of the podcast. We are partnered up with a company called hire dose higher dose.com. They are the leader in workout recovery products, infrared technology, LED, light masks, neck enhancers, and other products such as P E M F mats and sauna blankets. If you have not gotten on the workout recovery train yet, your time and your stop is now you got to get these products in there before these workout recovery and spas end up saturating your market. Having your members walk out of the club and going into one of their locations for 200 bucks per month where they're paying 39 to you, 59 to you, let's become an expert in workout recovery. If we are already an authority in workouts, higher dose, check it out is a wholesale code and hey, let's get people happy, healthy and sweating and the recovery should be just as good as the workout

([23:00](#)):

From a standpoint of your business and being an entrepreneur to kind of flip the switch here, but you could be running really big ad budgets now that potentially would be going in separate directions. You also got this model that started out with licensing. So without keeping us Alito how the pricing works, but just give us an idea of how much of the marketing budget can you and do you want to take over? What other tentacles could you put in here and how much can I operate is I own a hotel and you're basically staffing in, manage it for me if that's not too far

Cale Owen ([23:35](#)):

Field. No, I think staffing and management of it, that's pretty tough in today's world, unless we owned it. If we did that, we would go into actual corporate locations, which we've around, and we would just start

our own, but we wouldn't franchise it. We would literally just do corporate because we know how to do all of the things that are needed front to back and we'd make more money that way. But with the model that we have currently, I want to handle basically all acquisition up until the point I would like to do sales as well. That's the ultimate goal is where I get the leads for every gym owner. I work the leads for every gym owner. I sell every lead via phone or Zoom or whatever, and then they just come in, they've already paid and they just start their process and then we teach the club owners or gym owners how to fulfill the right way to increase retention and L T V of their clients.

Pete Moore ([24:21](#)):

Got it. Perfect. And from a standpoint of that budget, it sounds like that budget could just continue to be like, Hey, this is how much until the spend and the return diminishes just based on laws of the supply and demand,

Cale Owen ([24:38](#)):

Correct? Yeah, absolutely. And what's cool is there's always going to be people that need fitness no matter what. I mean, we just look at the data and when we look at the data, just the average human being here in the US and where everything's going, until people stop caring about looking good naked, then we're going to never run out of people to go to a gym and want to be fitter. It's never going to happen No matter what semaglutide and all the peptides and Ozempic and everything that comes out, they still need to lift. They still need to maintain a healthy lifestyle. And when as a percentage, I mean it really doesn't matter. Our goal internally, just to say is we want at minimum, so at worst, we want our clients to be three to one, including our cost.

Pete Moore ([25:22](#)):

Gotcha. That's great.

Cale Owen ([25:23](#)):

Yeah.

Pete Moore ([25:24](#)):

Awesome. So just in closing here, since we try and keep this brief for everyone, this has been an awesome education, great talking to you. I want to talk to you right after this about something with our Hilo Academy that could be interesting for us to combo up on. Give us a quote. You got a lot of quotes. I watch all your videos. Usually two or three times. Sometimes I'll forward 'em on and be like, yo, this guy, you got to think about this. Oh, we got one lightning round I could do, but why don't you answer first? What's one of your best quotes that you either end with on clients or the advice that they need at the end? Like a coach kicking your back or patting on the back?

Cale Owen ([26:03](#)):

Yeah, this is the one I think that hits the most home for me, and I've said this multiple times, there's probably clips of me saying it to clients and stuff, but really it's just essentially this, that it doesn't matter what you think you need to do, it matters what it takes, and what it takes is always way more than you ever thought it would. And what it takes is an unreasonable amount of focus, attention, and hard work in order to be successful. And that is typically 10 to 20 times more than the average person thinks. And so you have to be willing as an entrepreneur, as a gym owner, as a business owner, period, to do what it takes, not what you think it takes.

Pete Moore ([26:39](#)):

Love it. Awesome. Alright, we're not going to do a lightning route. We're going to end that because that's too good. Awesome.