

# Paleo Solution - 179

[0:00:00]

[Music playing]

Robb Wolf: Hey folks, six listeners cannot be wrong and it's episode 179 of Paleo Solution podcast. In the house, we have Greg Everett, in addition to Greg, we have a super special guest Nicki Violetti. I've known this chick. Greg knows her a little bit.

Greg Everett: I think she's the 7<sup>th</sup> listener actually.

Robb Wolf: She might be.

Nicki Violetti: No actually--

Robb Wolf: Actually, she's never listened to any of this stuff.

Greg Everett: Speaking of wives, my love wife the other night says man I can really start listening to guys' podcast, I hear it's really funny. Like don't worry about it, it's only been 108 episodes since I've started, you'll get to it one day.

Nicki Violetti: I hear the one-sided side so I can usually hear Robb's comments when he is recording but Greg I just never hear your side.

Greg Everett: You're missing the best part.

Robb Wolf: Yeah, you're missing the only part worth listening to so.

Greg Everett: You're missing the questions.

Robb Wolf: So let's see here. A little bit of housekeeping, our show sponsors. We have -- who do we have? We have the Performance Menu. Greg, what's new with the Performance Menu? You do the Performance Menu one today.

Greg Everett: Oh, man, Performance Menu Journal of Health and Athletic Excellence. We are publishing the 100<sup>th</sup> issue May 1<sup>st</sup> which is --

Robb Wolf: [Indiscernible] done.

Nicki Violetti: Do you remember the very first issue that when we started that – we met in a coffee shop and it looked like a PTA newsletter. I was like Greg, can you help make this look a little better and you're like oh, yeah.

Robb Wolf: And Nicki--

Greg Everett: Helen Keller could have helped it look a little better.

Robb Wolf: Nicki and I put what we thought was an okay kind of format together and then what Greg put back we were like okay so Greg do you want to be like a third person owner of this thing.

Greg Everett: [Laughs] Yes.

Robb Wolf: And it's grown up so big and strong now particularly the once you kicked us out of the publication.

[Laughter]

Greg Everett: Well yeah, so 100 issues later, we actually just launched a brand new website this month and so what we've done is instead of only being able to read the issue as a single PDF like we started with back in 2005 a million years ago, you can get the whole issue as a PDF. You can have each individual article as a PDF. You can read all the articles in HTML format right on your little computer and you can read those articles on your mobile device on our very special mobile website. Also, you can hit a little button on that website and send an article to your Kindle to read on that thing. So you can just read it any imaginable way.

Robb Wolf: You know what my prediction is with this? Like you've provided so many incredible options for people to consume their Performance Menu subscription that your complaints will go through the roof. They will increase exponentially.

Greg Everett: No doubt and the next one will be asking why I don't just like read them the issue.

Robb Wolf: Or plant it directly in them so.

Greg Everett: Yeah. So any who that's all up and running now. That also means that there is commenting and discussion available in the articles, which is something we've been really sorely missing for the past 8.5 years. And we now have premium subscriptions in addition to our regular old subscription so a little bit more money each year but you get access to

every single thing we've published which if you've been paying attention is 99 issues. It's 522 articles at this point and you get a 15% discount in the Catalyst Athletics Online Store so.

Robb Wolf: What more could you ask for? Holy --

Greg Everett: I mean honestly if you don't subscribe then Robb hates you.

Robb Wolf: Nicki would probably hate you because Nicki--

Greg Everett: She probably hates you anyway.

Robb Wolf: Yeah Nicki probably hates you anyway, because you have a pulse.

Greg Everett: But in a really nice charming sort of way.

Robb Wolf: That's an entirely different day okay so Performance Menu.

Nicki Violetti: I knew coming on this I would be getting beat up quite a bit so --

Robb Wolf: Oh, no, we beat you up all the time anyway.

Nicki Violetti: I know.

Robb Wolf: You just get to be present for it so. Who else do we have? We have Well Food, WellFoodCo.com. It's gone through a rebrand. It was Paleo Brands and then it was Evolved Foods and now it's WellFood.com. John Welbourn heading up that juggernaut of a food company. We've got grass-fed whey proteins, bars, jerky.

Nicki Violetti: Steak sticks.

Robb Wolf: Steak sticks they're absolutely --

Greg Everett: Steak sticks.

Robb Wolf: Yeah, steak sticks. We have some new products coming out here soon. The affiliate program is almost done so check out WellFoodCo.com to get all of your paleo-esque snack food desires met. Who else do we have? We have FrontDeskHQ.com which Front Desk HQ is your mobile solution for service based businesses, although don't worry it works not only mobile but you can do it on a desktop as well.

**[0:05:08]**

Nicki Violetti: Any device.

Robb Wolf: Yeah any device but really the shin diggly element of it is the mobile device because you could run a thriving cross-fit gym, yoga, Pilates, dog walking, shoot it can be dog washing even.

Nicki Violetti: You could.

Robb Wolf: You could use just an iPhone, iPad kind of setup to run that operation and we're going to talk a fair amount about Front Des kHQ and what you're up to with that. But check out FrontDeskHQ.com if you run some sort of a service based business. Finally the Bunny Ranch, BunnyRanch.com, Dennis Hoff's amazing contribution the release of pent up energies in all humanity. [Laughs]

Nicki Violetti: I think that's been since like....

Robb Wolf: Bunny Ranch. Nicki when I was getting ready to do my talk there, Nicki was like you know, I don't know how many wives let their husband go to a brothel. I'm like I don't know how many husbands tell their wife that they're going to a brothel so.

Greg Everett: Right.

Robb Wolf: But I came back without glitter anywhere other than above the waist so I was okay on that. But check out BunnyRanch.com, clearly an adult oriented site so don't get yourself in trouble. There you go.

Greg Everett: I don't understand that why that TV show about the Bunny Ranch was called Cat House. It's very confusing with all the animal analogies. I take that back. I do understand why it was called that but it still upsets me.

Robb Wolf: I mean Bunny Ranch would have been a just fine name for it but I don't know.

Nicki Violetti: The producers probably wanted something a little more edgy. Bunny seemed --

Robb Wolf: A little sweet and soft.

Nicki Violetti: Yeah, cats...

Robb Wolf: Cat house, reeaaiirngghh! Okay, okay, I got you. So let's the a little bit of excavating into the history of the three people on this show. Nicki and I --

Greg Everett: Uh-oh.

Robb Wolf: Yeah.

Nicki Violetti: Do you really want to go here?

Robb Wolf: Nicki and I met literally what a couple of weeks before like the gym was open and all that sort of stuff. We doing during --

Nicki Violetti: The end of 2003 and you had just moved to Chico and you are getting to start CrossFit NorCal in the back of NorCal Martial Arts with John Frankl. Greg was a client of John's.

Robb Wolf: Yup and started doing a little bit of stuff with us. He built a website for John Frankl.

Greg Everett: Wait, wait. Let me explain how that came about though because it's much more interesting than just that. My neighbor trained with John and he said hey this guy, he has a BJJ studio. He's looking for someone to trade training for website design. I was like that sounds dumb, I don't want to do BJJ. I was like well I'll check it out anyway. So I went down there, really liked John, trained with him for a minute before I met Robb and then Robb and his charming kind of cultish manner convinced me to come train with them and then it was all history from there.

Robb Wolf: And Greg started off as a pretty muscular 200-pound dude doing CrossFit, and eating a 16 block zone, we managed to get him down to an emaciated, about 165 pounds so that was some of my --

Greg Everett: Yeah. I went from adult man to kitten with AIDS.

[Laughter]

Robb Wolf: Yes. So let's see here. You've been at the gym at that point when we still were CrossFit NorCal. We were the fourth gym, fourth crossfit gym on the planet. Not in town, not on the street that you live on, but on the whole planet and nobody had any stinking idea what crossfit was. The boot camps weren't even around at this time.

We did all kinds of ridiculous stuff. I remember one of our guerilla marketing techniques involved Nicki and Greg going up and down the bike paths in Chico and about every 20 feet they would write CrossFitNorCal.com on the bike path in chalk.

Nicki Violetti: We would literally walk from Chico state all the way – well this was after we moved to our Northfield location so this was 2005 and we walked from Chico state all the way out midway all the way to Northfield writing CrossFitNorCal.com on the bike path in chalk. Like every ten feet we would squat down and write it like every 10 feet.

Robb Wolf: So they figured out that they did like 6000 squats. What we basically got from this was that we completely pissed off and alienated all of the cycling community which was completely okay by me at that point.

Greg Everett: [Indiscernible]

Nicki Violetti: Yeah, we had like several cyclists call and complain that we were graffitifying their bike paths.

[Laughter]

That's when we knew we loved --

Robb Wolf: Cyclists and --

Greg Everett: They were graffitifying my air with their fucking jerseys so you know what, shut it.

Robb Wolf: And we went through a lot of iterations.

Nicki Violetti: Listen I know, no I have another story.

Robb Wolf: You have another story okay.

Nicki Violetti: Like obviously now with CrossFit is widespread and just --

**[0:10:06]**

Robb Wolf: On ESPN and everything.

Nicki Violetti: ...strength and conditioning just being kind of a common way to train for the average person now. There were a lot of awareness. You don't have to go through all of the sort of crazy stuff that we did. But Greg, do you remember we sponsored some sort of 5K run.

Robb Wolf: That was awesome.

Greg Everett: Yeah.

Nicki Violetti: And we used water bottles from Costco. We probably bought like I don't now a thousand water bottles because we were going to be the sponsor and provide water for the runners. So then Greg designed these water bottle labels and we got --

Robb Wolf: They were super cool. They were like really cool but we --

Nicki Violetti: Offered a free week of training --

Robb Wolf: Free training.

Nicki Violetti: --on the label and Greg designed it and so then we cut them all out and we had this special glue and we sat on the back of the tailgate of Robb's Subaru

Robb Wolf: It was a spray on glue and so it was noxious that we had to do it outside. It was gnarly that you couldn't even do it in an open air warehouse. We had to sit outside and do this and literally like a thousand bottles you had to spray the back of the thing and then affix it to the bottle.

Nicki Violetti: We were just covering up the Kirkland brand.

Robb Wolf: Yeah.

Nicki Violetti: It's probably really illegal, but you know...

[Crosstalk]

Robb Wolf: Nicki is always the "I don't know if that's quite legal". Greg and I were like whatever.

Greg Everett: We were also starving to death so.

Nicki Violetti: We needed clients bad.

Robb Wolf: So the race starts and we're all excited and we're like this is going to be awesome. We're going to get a bunch of people.

Nicki Violetti: You had all these people.

Robb Wolf: And you know what 5k the better people are 15 minutes or 20 minutes or better. So people start busting through the finish line and of course they're about ready to die because 5K is a horrible distance to run because you can basically like more or less sprint the whole thing. People

go busting through the finish line, grab a water bottle, chug it down, mash it and throw it in the garbage.

[Crosstalk]

We saw a thousand people come through the finish line and drink the water and not even look once at the label.

Nicki Violetti: We got zero clients.

Robb Wolf: We got zero clients on that and probably took like five years off of our life from you know, --

Nicki Violetti: The fumes.

Robb Wolf: -- toxic fumes that we ingested so.

Greg Everett: You crossfit owners now you just have no idea.

Robb Wolf: And it's kind of funny.

Greg Everett: Literally no fucking clue how bad it was.

Robb Wolf: People have no idea and of course, our illustrious mentor at the time would say, oh you guys are just catering to the students and we're like dude, we'll take fucking money from any client we could get. So you know, it's an entirely different world now that you've got the flavor of the type of training that you want to do, host it on ESPN and co-brand it with Reebok and you've got Super Bowl commercials and everything. So it's just kind of interesting. Like the people who came first had a very different process to get all that stuff off the ground.

But I also have to say that in the process of doing that, nobody had business systems at all. The stuff that was on display from the gym in Santa Cruz wasn't a business at all. It was kind of a circle joke of coop type stuff where people theoretically paid money into a kit at each month but it wasn't a business at all. It was a garage door that got opened up and people trained folks. Because they had been there for 9 or 10 years, they had a decent amount of bandwidth and a decent number of people going through the doors. But we didn't have that benefit.

Another feature of Chico when you cruise around town, people have bumper stickers that say Chico is my hometown. Basically what the implication there is that if you're not from my hometown, you can go fuck yourself.



Nicki Violetti: It took a while for us to --

Robb Wolf: To chisel into that scene.

Nicki Violetti: Yeah, exactly.

Robb Wolf: Yeah, yeah.

Nicki Violetti: To be accepted.

Robb Wolf: But you know what it did is it forced us to really hustle and to think about what we were doing and we developed some pretty robust business systems over the course of time. When Nicki started doing business consulting with other people, we found that if they lived in anything approximating an urban market where they had a decent population density and if they had a little bit of connections in the community if they started doing some of the stuff that we recommended, like an on brand using a business management software, if they didn't absolutely beat the dog piss out of people, if they had some stratified skill levels that they've used. You know, if they did some strength work like what Michael Rutford recommended all of a sudden people started getting some really, really good results and their business started succeeding.

Like you know, Nicki did consults with people who their homes were in foreclosure and they were in the red and they were thinking about living in the gym and then like three or four months later after consulting with her they were breaking even. Then three to six months later, they were in the black and they were doing pretty well and so we kind of figured out that if you can get business going in Chico, it's kind of like a plant that can grow on the dark side of the moon like it will succeed anywhere.

**[0:15:08]**

Nicki Violetti: Yeah all of our early days in the long road that we had definitely you know, we've learned a lot and are able to help a lot of people with that knowledge. Actually the key there and if you look at crossfit, if you go to any crossfit website, nine times out of ten they have some sort of an online program that they're offering whether they call it that or not. But that beginner workshop --

Greg Everett: Whether they call it that or not and have the incorrect mathematical notation in this?

Nicki Violetti: Exactly. Exactly. Yeah.

Robb Wolf: Factorial.

Nicki Violetti: Ten factorial. Yeah. But yeah, so just having that beginner entry point where you start with just beginners so that they're not entering into your regular classes and feeling intimidated or scared or I'm not going to know what I'm doing. Because think of all the times that we had new clients roll in. Robb would teach the class. Greg and I would take their friend that they brought with them and try to teach them to squat or whatever or they join a regular class. They do okay and they do fine then we would wonder why they didn't come back. The main reason was they are completely intimidated and god that beginner entry point just works magic. Because they know they're starting with other beginners. They know that the whole point is to get them up to speed so totally removes that intimidation factor. Then they see progress.

So the NorCal On-Ramp is four weeks and a lot of people do four sessions, six sessions. They've modified it to fit their gym and that's fine. We find that the 12-session on ramp for four weeks is just magic because it's enough time to allow them to see a significant change in their performance not just their body composition but their performance because we'll repeat the same workout on day 12 that they do on day 1 and everybody, everybody improves. So they're like wow, I improved this much in four weeks, imagine if I trained here for a year. So the sell is virtually gone, nonexistent and so people sign up and as long as you continue to provide great training and a great environment and a great community then your retention numbers tend to improve as well. It's kind of a magic formula.

Robb Wolf: You know, it's interesting is we've started trying to create systems in the gym. The on ramp was important for all the reasons that Nicki mentioned. You had people start on a dedicated day and it was way more like a workshop. So there wasn't a contract discussion upfront. People were just going to do this thing for four weeks and then if they wanted to bounce they could bounce. But it's kind of like when people go through like rushing for a sorority or a fraternity or something, you know, they go through kind of a group suffering together and they build some relationships and everything and so that really helped with the conversions.

It's interesting too that having the beginner program that's our opportunity to also have our in-house trainer development program. So we would bring in interns and they would observe the process of training new people and begin to assist and we could see what type of qualities

they had as far as coaching and personality and all that sort of stuff. So you start getting a leveraging or a duplication of your efforts instead of just kind of haphazardly developing a coach. You actually had a dedicated model for developing the coach.

Then we also used the on ramp for the first 12 sessions for personal training so that we had some sort of consistency and then continuity. Clearly, if you have a good coach, they can use some skull sweat within that and think about different ways to handle somebody if they had a very high level or high functioning athlete and they could skip over some material.

Nicki Violetti: It's different too if you have –you know, so at NorCal there's two ways to get into our ongoing group classes. You either do the on ramp or you do 12 sessions of private training. Some people the private training they like that because that's what they want or maybe they have an orthopedic issue that makes private training their best route. So if ultimately their goal is to get into the group classes, then we have this battery of movements that we expect proficiency on before we put them in a group environment. But if we have a client that just wants personal training and our coaches can program accordingly based on that person's goals.

Robb Wolf: You know, when I've interacted with crossfit gyms when I go to do a Paleo Challenge, I would say probably 90% of these gyms are not offering personal training. They get in and just start off in group classes because that's kind of –you know, that is typically the more fun element of crossfit and that's the stuff that's portrayed on the videos. You know, there are other group fitness models out there and that's kind of where things go.

But the challenge that we found with that is again from the beginner's standpoint it's pretty intimidating and people say oh well we can scale it and Greg and I have talked about scaling deal. Like I feel like if you're scaling, you're failing. You should be progressing people. Folks should not be doing dumbbell power cleans when they don't even know how to do a deadlift.

**[0:20:16]**

Again some people will try to say that we're pussifying things but we've produced world champions MMA athletes. We've had a third place affiliate cup team, a sixth place individual finisher at crossfit games, a 17<sup>th</sup> place finisher at crossfit games. This shit works and it works really well and the people who typically do a bunch of training along this line like CJ Martin and some other really people who really focus on kind of crossfit saying, they tend to focus more on progression versus scaling. No argument there unless you're in crossfit HQ and people will argue about

that ad nauseam because they get paid in six figure salary to argue about horse shit like this but you know, this ties into the overall success of the business and related back to the personal training.

I will roll into a gym or maybe Nicki will be traveling with me and we'll meet these people and they'll be talking about you know, I'm super tired, I'm beat up, I love doing the gym but I can't split out of my day job yet and we're like are you doing personal training. Are you offering personal training individually or are you recommending that your coaches offer personal training. Inevitably the answer is no.

About 50% of the revenue that we have on our gym is generated from personal training and you're able to get some high end clients that are well connected, money maybe don't want to do the group class, maybe they have orthopedic issues that would preclude them from doing the group class. With the personal training, you can back fill the hours that you are never going to have group classes occurring. Like if you're lucky you get six, seven, eight a.m. maybe a nine a.m. class.

Nicki Violetti: And often in a new gym the tendency is just to open with all of these class times like 6, 7, 8 a.m., 4, 5, 6,p.m. So you have six classes a day, five days a week probably a couple on Saturday and your client base, you might only have 20 or 30 or maybe 40 clients but that's far too many classes for that number of clients.

So it's far better to have fewer class offerings, build those up and then open a new time. So instead of having 30 classes a week in the beginning, have 15 maybe 20 and offer private training. The private training just allows you to one cover your overhead because you can bring in the money. And often the number one hang-up that people have is like nobody wants it. You know, how am I going to sell – okay sell \$50 a session or \$70 or \$80 a session of personal training and the main thing is you just need to offer it and it's so crazy. If you just offer it, people will come. When people call you and they're asking about your business, you really listen to what they're saying. If they're saying I'm looking for a trainer then don't say well we've got this great group classes. They told you they were looking for a trainer --

Robb Wolf: They will tell you what they want.

Nicki Violetti: You have to listen to that and say okay, what are you looking to accomplish, what are your goals. Okay. I have 9 o'clock on Friday will that time work for you. You just roll with it and you'll be surprised. I mean that was how we –you know, let's go back in time to part of our history again.

We opened I guess soft opened late 2003, officially opened in 2004. By the end of 2005, we had brought Greg on as a partner and gosh I think we had around 70 clients at that point all paying somewhere around 60, probably an average client value of \$60 a month. Because we were stuck competing with the big box gym and again this was before anybody had a box in their head or a framework for what the type of training that we are offering.

So we were grossly undervaluing our services and at the end of 2005, we were barely –you know, we were paying our overhead for the facility but Greg, Robb and I weren't really making much money. One of our friends came into the gym and said, you know, there's this guy who's in this little town 30 minutes from here and he has more clients than he knows what to do with and he charges them \$500 a month for three days a week of training. We were just shocked because this little town outside of Chico is even smaller than Chico and we were of the impression that Chico was a college town, the students didn't have any money. Like it was just kind of, you know, a lower income town.

Robb Wolf: Or we hadn't made any connections with more connected money people.

Nicki Violetti: Exactly, exactly. So our mindset was kind of in the wrong spot and as soon as we heard this, we were like okay we've got to --

Robb Wolf: And then we didn't really crack it open yet right around this time with maybe a week later, a woman phoned and she wanted to check out the gym. She came in and she was a night shift nurse, a two pack a day smoker for like 20 years and she had orthopedic issues from head to toe. She sat down and said can you guys do anything with me and I said the only thing we can do is personal training with you. She said okay, how much does that cost and I said \$500 a month, three days a week and she's like here's the check for the first three months upfront and I was like oh wow, okay. [Laughs]

**[0:25:16]**

Nicki Violetti: Yeah.

Robb Wolf: And that's how the whole thing was born.

Nicki Violetti: Yeah and so then you know beginning of 2006 we regrettably and we could have handled this much better. We cancelled all of our group classes.

Robb Wolf: Yeah we basically cancelled all of our group classes.

Nicki Violetti: And all of those 70 people we said sorry we're not doing classes anymore, we're moving to a strictly private training business. That was definitely in hindsight we could have just moved down to three classes a week or six classes a week.

Robb Wolf: And kept whatever we had.

Nicki Violetti: ..helped all of those people.

Robb Wolf: Yeah.

Nicki Violetti: But I think we were a little --

Robb Wolf: We were worn out.

Greg Everett: I think we were a little pissed off after listening to them whine about the incredibly low price we were charging them every day and then riding in on brand new \$3500 bikes with Patagonia gear that cost more than any of our cars, that sort of thing.

Nicki Violetti: Yeah, yeah. That happened a couple of times.

Greg Everett: It was their own fault.

Nicki Violetti: Totally, totally.

Robb Wolf: So we went -

Nicki Violetti: So then we moved strictly to private training.

Robb Wolf: And we have a really busy practice doing that but that heading into 2007 we had about two years of just exclusively private training deal then I started kind of getting a sense about the changes in the economic scene and the housing market wasn't going to go on and on and on forever. We had about 15 realtors at that time as clients and that was going to change really soon. So we opened up a group class model but you had to go through 12 personal training sessions first to get into the group class and --

Nicki Violetti: Let me interrupt real quick. So we recognized that we wanted to bring back group classes. Private training is great but if your clients go on vacation or they get injured or for whatever reason they don't come, you don't earn a new revenue. So the group class level is nice because it

normalizes even if people are gone unless they are gone for a significant period of time. But if they're just on vacation for a week, you're still getting paid.

So we knew we wanted to bring that back but I was really wary because of a lot of stuff that we saw when we were a group class only business. You know, people bring in their friend. We had one person bring their friend who was on an insulin pump.

Robb Wolf: He was a type 1 diabetic and so I would— one of us would usually do an intake with new people wanting to check out their one class free which I know tons of gyms do this type of thing. Looked at his health intake deal, he didn't have anything marked on there and so I was talking to him and as he changed his shirt, he took off his shirt and he was kind of a lean, wiry, jacks kind of dude but then he had this box strapped to his back. I'm like dude is that an insulin pump and he's yeah I'm a type 1 diabetic. I was like yeah, you're not doing the workout today because this was still early in our evolution. We were still kind of going off of some main page programming and it was like a 30-minute chipper that day. I was like yeah, this is going to kill you, it's going to drop your blood sugar so low, you're going to die. The guy got super pissed because we wouldn't let him train but that's another layer of the thing we were like okay we need a beginner's class, we need a personal training.

Nicki Violetti: This is before we, beyond ramp even but I knew I wanted to — I mean we had local business owners that were sort of, how do I describe. They like to party really late and they smoked and they would come. They'd roll in but they were just determined to get their workout six days a week so they'd roll in at 8 o'clock or 7 o'clock class hung over. Just beating themselves to death --

Greg Everett: Not even hung over, still half drunk.

Robb Wolf: Yes still reeking of the bar.

Nicki Violetti: Yeah. And they should have just been in bed resting and recovering because they had already been to five other workouts that week but they were just —you know, kind of the addictive personality and they wanted their fix. So I knew that we wanted to kind of stratify this. We wanted to have people coming either two days a week three days a week. We would also offer a limited option. But in the beginning we just had private training as the primary entry point. So when we brought group classes back, you had to first do 12 sessions of private training before you could go into a group class.

The problem with that is there's a fairly high sticker price upfront to even get there so we had a lot of people that wanted to and could afford our group class prices but paying \$500 for the 12 sessions of training which is out of their budget. So that's where the on-ramp concept came around and we thought we could –you know, for healthy people we could batch the 12 sessions in a group setting and get them all of the movement proficiency and kind of the exposure to the different movements and techniques that we wanted so that it didn't bog down our classes. Because that was another thing that we had when we had group classes in the beginning is a new person would come in and you'd spend all of your time helping this new person learn how to squat or deadlift or whatever was on the white board that day.

**[0:30:07]**

The existing clients who had been with you for a while, you know, they're ready to work on other progressions and you couldn't as one coach do them justice. Your focus tended to be on the new person because of course you want that signup but that's dangerous because the current person that's paying you if you're not providing them, you're not continuing to challenge them then the odds of them leaving are actually fairly high too.

Robb Wolf:

Yeah and I know there were some quasi business systems out there that will recommend that you just take a second coach and have them deal with it the new people. To me that's not a system. It's not a system at all. It's interesting we have a good friend Craig Patterson up in Vancouver and he opened, he was maybe like 20, 50, gym #50 or something like that.

Nicki Violetti:

I think even earlier than that.

Robb Wolf:

Like maybe the 20s or 15s or something.

Nicki Violetti:

I think he was like 2005.

Robb Wolf:

'05 Yeah. So I mean he was really early also and he flailed around a lot and did a lot of different stuff and he's a really bright guy. It's interesting he started heading down this road and he does some stuff differently than what we do but at the end of the day it's really interesting to have a 12-session beginner class about 50% of their revenue comes from personal training. The dollars per square foot that he makes relative to what we make look almost identical. So clearly there's always different ways to skin the cat and whatnot but when he and I were talking on the phone, it was kind of interesting. He's like it's kind of like you know



convergent evolution that's what a shark and a dolphin like you know, if you have the same environment and you're trying to solve the same problems and you're really focusing on quality then you end up at this end stage that ends up looking very, very similar.

So having a dedicated beginner's class, having some stratified skill levels that people can go into, having a gymnastics program, having Olympic lifting, having almost like we have a lift classes essentially like a power lifting with a little bit of body building thrown in. People after a while they love their community, but they... When I go to jujitsu, I can only go to the classes where like I get butterflies in my stomach before going because I know that there's –like there are certain classes where I know it's going to be pretty mellow and it's going to be really technical and I'm going to be safe. And then there are other classes where I know that there's going to be a bunch dumb thugs in there that I'm going to have to really watch my ass and like it's going to really test me. But after a while you get burned out on having butterflies in your stomach before you go to the workout. You want to go see your peeps, you'd be part of the community but the B town starts getting to you at a certain point.

So you need to either.. and telling people to scale things they're not going to do it. You know, people have egos and they are not going – it's not a system to put it on your clients for them to modify their god damned workout. You're the coach. They're paying you to coach, fucking coach. Part of what you need to do with the coaching is to figure out a system to figure out programs where people that have been with you, we're coming up on our 10<sup>th</sup> year in business, we've had clients that have been with us 7 or 8 years, what are you going to do with those people? Like if they are a little bit on the burned out side or they need to do something different but be in your gym, still be a paying client but do something that isn't the constant beat down. You need to provide some safe haven for those people to go to and that's kind of the stuff that we've arrived at.

I've seen a couple of other people that to me they have legitimate business systems in that multiple things are happening at the same time. You're training trainers, you're developing new people you're dealing with your older clients because they've got places to go and things to do besides just a standard beat down. So I really encourage folks whether you run a crossfit gym or a yoga or Pilates or whatever like think about some of those big picture stories.

Nicki Violetti:

It would be really interesting to track and I don't know if any gyms that do the first week for free or first class free have good numbers on

conversions from that. But it would be really, really interesting to know – you know, because I feel like even if you come to the first class free, let's say your intro class because I know a lot of businesses structure it this way where they have the free classes on Saturday and it's an intro specific class. So they're not throwing you off the deep end, you're not doing Fight Gone Bad on your first day. They're just doing some basic --

Robb Wolf: Air squat, correct yes.

Nicki Violetti: --basic workout but because it's just that one day I'd really be interested to know like conversion rates on that versus clients entering into it like a committed 12 session on ramp or 8 session or whatever. Just because there's power in that one and also not just for the client's sake. You know, they feel success as they went through your program and they feel ready to be in your regular classes. But it's also a revenue stream. Like if you have a dedicated workshop or private training that is for beginners, you charge for that.

**[0:35:02]**

So the free thing, you know, I go back and forth on and I understand like if you're in a major urban area with 50 affiliates or 50 similar type of gyms around you, it's tough because you end up having to compete on price. Or at least even if you're not competing on price the clients are shopping around. So I understand that. But --

Robb Wolf: Like it was only in the last two years that there's even been a second crossfit gym in Chico and now I think there's like five other crossfit gyms in Chico. You've dealt with this a lot more than we have. What's your experience on all that? I know when more gyms came in around you like people would peel out and then migrate back in because of the kind of quality issue but you could probably comment on that better than we could.

Greg Everett: Well yeah. When we first opened here, we opened here four years ago in January so about four and a quarter years ago and I think there were a good number of gyms already but now it's beyond saturated. It's insane. We don't, we're kind of just like off the grid so we don't have a huge program. We run a 300-person gym so we don't have a the kind of flux that most of these places do. We have a pretty steady clientele but you know, early on we were one of the more expensive gyms. So part of what I learned with the whole Crossfit NorCal experience was you got to charge what you're worth. Like Nicki kind of mentioned we definitely way undervalued ourselves. Maybe we weren't worth anything back then but we are now.

Nicki Violetti: We were.

Greg Everett: We were. ...started people like us. So we did set our prices relatively high and it was look we charge this because we are better than everyone else here. It was not that we were being arrogant about it. It was like we have more experience which is still true. I mean even as a non-crossfit affiliate, we have more experience with crossfit training than any other gym around us. So we just set the prices and said this is what it is. I think we only had one case where we had a group of guys who came into one of our very first on ramps. I think he was probably the second or third one we ever did. There were 3 or 4 of them who were all you know, programmers of Apple, really cool guys but didn't really have a background on exercise, just said hey let's go do this, this seems fun.

So they went through on ramp and at the end of it, they said you know prices are really high, really like it. But we're going to go over here to this other gym because they only charge like 75 bucks a month for unlimited classes. I think at the time we were probably charging \$150 a month for like a max of --

Robb Wolf: -- 3 to 8 weeks.

Greg Everett: 3 to 4 days a week or something like that. You know, of course Amy got all butt hurt about it and was like, ah I have to say something. I was like don't, just don't say anything. Let them go. They'll see exactly why we charge what we do. Sure enough like a week and a half later, they were back and like we get it now. They kind of told us the whole story about their couple of workouts at this other place and it was like yeah.

So you know, I think a lot of gyms, crossfit gyms like to charge one for the name, two for the facility, and the way we looked at it was we're not charging for the facility. We're not charging for the name. It's not a facility use fee. You are paying for coaching and you are paying for programming. If those two things are good then it's worth the money that you're paying. If those two things are bad or they're absent which they are in a shocking number of cases, then it's not worth a freaking dime. So we've kind of just stayed the same. We raised our prices a few months ago for the first time in three and a half years and so now we're pretty much level with the rest of the gang around here and there are some that are considerably more expensive than us and are packed. I mean they're overflowing like they're turning clients away.

We don't have that problem of course but we only offer two classes a day. It's not really our main thing and people come to us because they

either know us by reputation. They want more of kind of a strength oriented or weight lifting oriented sort of fitness, flair where they've been to this other crossfit gyms and they've just seen what slaughterhouses they can be and they're not interested. They don't want to go to the crossfit games or pretend that they're going to go to the crossfit games because they honestly have no chance to. So they don't want to train that way. They don't want to be in just a nasty like petri dish full of shirtless guys who are 20 to 22 years old just beating the shit out of themselves. You know, they want to be with people who are a little more laid back.

**[0:40:17]**

I think that the atmosphere in our gym is just so much different than a lot of crossfit gyms and it's so much more laid back. It's how NorCal always was. You know, it was kind of like hey, yeah, let's work hard, let's have some fun, let's not take ourselves too seriously sort of vibe I think. So we definitely have I think our clientele is more people that I like having around.

Robb Wolf: Right.

Greg Everett: You know, what I mean? I don't want to say, hey shut up and put your shirt back on. Because honestly if you take your shirt off in this gym, you get looked at really weird and I kind of like it that way.

Robb Wolf: You know, it's interesting like a lot of –you know, there's a bunch of brouhaha back and forth about how many crossfit affiliates are coming online and all that sort of jive. I think it's legitimately difficult for a new gym with people who have comparatively little experience to distinguish themselves. Like you went and you did a weekend course and the people down the street did a weekend course and you all opened within six months of each other or four months each other and so you're all noveseque coaches.

So you know how do you distinguish yourself and I'll tell you the really easy way that you distinguish yourself is you create systems in your business. You have an on-ramp, you offer personal training, you have some sort of business management software so that you're not chasing receipts around in a shoebox. You have a Facebook page that is built around your business and not personal a page. You have a Twitter account. You massage that stuff and --

Nicki Violetti: You have progressions in your program.

Robb Wolf: Yeah.

Nicki Violetti: Programming is the number one thing that you're --

Robb Wolf: The programming is yeah, yeah.

Nicki Violetti: You would clean your gym regularly and we get comments from people that travel and train in Chico and they're like man this gym is so clean.

Robb Wolf: You know, part of our coaches' duties are to clean the gym but then we have a cleaning service come in twice a week to clean.

Nicki Violetti: And it's just I mean Sean my brother-in-law who he and my sister are running, managing the gym day to day now and they just take enormous pride in that and it shows. And it really --you know, even our clients that travel and jumping at other gyms on vacation or wherever they're at, they come back and they say wow, I'm so glad I'm here. So and that makes us feel good.

So If you are in dense population with several gyms around you, you really have to work at some of those things to really make your gym and your training stand out. You've got to foster a great community because that's another reason why clients stay. You know, they're staying for the program and they're staying for the coaching. Hopefully you're good at both of those. But also staying because of the clientele that you're attracting and fostering.

So if it is a bunch of shirtless dudes and people are kind of rough around the edges and you might not attract that many average --

Robb Wolf: If you like that stuff and like --

Greg Everett: Yeah.

Robb Wolf: --to be a gym that caters to the crossfit games.

Nicki Violetti: Yeah that's totally fine but you have to be in the right demographic to even get that number of bodies to support your business.

Robb Wolf: To able to support.

Greg Everett: Yeah. I think you have to remember that you can't be--

Nicki Violetti: So if you're in a smaller town --

Greg Everett: --all things to all people.

Nicki Violetti: Right.

Greg Everett: Like you've got to choose what you want to be good at and so for us obviously we're not really interested in doing the games type stuff. So yeah, you can't have it both ways. You can't say okay this is a place where we're going to prepare these 18 to 25 year olds to just be fire breather, games competitor type guys plus we want the 60-year-old grandmas who are coming back from a bilateral hip replacement. You're just not going to thrive with this much competition. You know five years ago you probably could have done both but it's just not how it works now.

Nicki Violetti: Right.

Robb Wolf: So Nicki, talk to us a little bit about Front Desk HQ. I mean so you know all of this stuff that we had seen when we're talking about the programming and the on ramps and all the rest of that stuff, ultimately the way that we've been able to do that is having some backend systems that we can build a scaffold on and that's where you guys had an idea for Front Desk HQ about two years ago.

Nicki Violetti: Well especially as the owner of a business if you're just starting out, you're doing all the coaching. You're training your new coaches. You're trying to run the business so you're billing clients and scheduling classes and changing schedules and doing all of that so you need software platform that can help you do that. Because it gets to be fairly cumbersome even if you had only 20 or 30 clients to try and track all of that in your head. But I know a lot of people do start that way, we did for sure but it definitely makes it harder.

So we started using the software in 2007 in NorCal and they made all the difference for our business. The consulting that I do, I would always recommend people to use the software platform but the solutions out there required a lot of – they had a steep learning curve, I'll put it that way. So I was getting a lot of feedback from folks like I really want to use this but I'm so confused I can't figure it out.

**[0:45:19]**

A friend of Robb and I, John Zimmerman is a co-owner at Crossfit Seattle and a small owner in Crossfit Seattle and we met and he's former Expedia guy and has worked various software businesses and had this great team we decided that we would build a solution that was really easy for the owner to learn. Because software shouldn't be your primary focus as a

business owner. Your primary focus needs to be on your clients, needs to be on your programming. It needs to be on making your gym the best that it can be. The software should help you accomplish that.

So we built it with a framework of making a consumer software so you can think Facebook as opposed to enterprise software which you have to have a team of people to figure it out and set it up for you. So we built Front Desk and with a mobile first philosophy. So a lot of gyms operate in like industrial spaces or parks and so they don't really have the concept of a front desk or a lobby area to funnel people into. So we wanted the instructor or the owner to be able to manage everything from their phone and everything is mobile these days. You know, you want to be able to look at your schedule when you're on a train or when you're in and out for booking style double, double. So it's all responsive design. It's beautiful. I'm super excited to be working with such a talented, talented team.

We migrated NorCal on to Front Desk early last month and it's going great. We have about 170 businesses live right now on Front Desk and we have another r300 at various stages of setup. So we built it so it's real easy to set up so you can --

Robb Wolf: If you can do a Facebook account --

Nicki Violetti: Exactly.

Robb Wolf: -- then you can --

Nicki Violetti: You can create your business, follow the little setup guide. I mean we have support staff to help if you need to help but it's literally as easy as creating your Facebook page. We've made it so it's brandable completely to your business. Our philosophy is we want to showcase you and your brand. We don't want to put our brand on your client facing site. So when your clients come to your website and can click through to sign up for a class or book an appointment, you have control over that. So there's a cover image like Facebook has and you can set your cover image and change as often as you like. You have your logo, your look, your colors, etc. So we wanted to look exactly like you and you can go back and forth from your site to the client mode site.

Again clients can do everything from their phone as well. So they can be in their car, in line at the grocery store, look at your class schedule, you know, sign up for your next class, etc.

Robb Wolf: So Nicki this thing is only for big thriving established businesses, right?

Nicki Violetti: No. No, that's the thing and like I would hear that all the time. People would be starting out and they're like I just don't have the finances to swing a software solution right now, like I only have 20 clients. Well I'm super excited because we have this wonderful pricing plan that's perfect –you know, our starter plan is perfect for new businesses. It's 1% of revenue so if you're just doing \$2500 a month in revenue, it's 25 bucks. We have digital waivers and our merchant rates are extremely competitive. Most people migrating from existing software solutions are finding that they're saving a significant amount of money on merchant processing. So it's just perfect for –you know, it's perfect for the startup gyms, startup boot camp, you know, dog walker, etc. You know, any service based business that needs to book appointments, wants clients to book appointments online, if you offer classes or course or workshop type courses all of that. So you know, we have a lot of body fat dump tanks, you know, health coaches--

Robb Wolf: Stroller strides

Nicki Violetti: Strollers, yeah exactly. So yeah, it's awesome and it's really fun. We're getting a lot of great, great feedback and another one thing is it's so easy to set up and so easy to use. Then training staff because if you are in your business for the long haul, you're going to have staff members. If you don't already, you'll have them at some point and you will have some turnover with your staff and you'll also realize that you need your staff to be able to implement your systems as well. So the solution or the software that you're using is too complicated for them to create their schedules and book their clients and check out appointments and sign people on to class may just don't do it. That's what we were seeing with a lot of people coming from other solutions is they were just using it for billing, recurring billing. They were never signing people in the class. They weren't tracking visits. They weren't having their staff book appointments because they couldn't figure it out so staff was just booking their appointments and using their Google calendar. So there was no integrated way to track what people needed to pay. You know, all the money wasn't coming into a centralized spot. Like there's just a lot of fragmented usage out there.

**[0:50:11]**

So hopefully with Front Desk, folks will find that it's just so easy. You can manage it from anywhere and you can just have a really great pulse on how you're doing as a business.



Robb Wolf:

You know, for the folks starting a business or maybe you're a year in or something like that, if you really are thinking about taking this thing seriously like if this isn't a hobby, it really behooves you to take the stuff seriously from day one or as early as you can get in and do it. Because I tell you like I love coaching. Like I love running the gym. I love being in the gym. I really enjoy that stuff. I think Greg agrees with that. But you will hit a point where you're going to be knackered. You're going to be tired. You've been up late and upperly and go, go, go. Your own training is suffering, your body composition sucks compared to what it used to and at some point you start looking around you and you're like what am I doing. Like I can keep the lights on and kind of bills paid but I can't leave my day job. I'm kind of in this trapped spot.

The reason why people get trapped is because they don't develop systems. They don't have beginner's class. They don't have a management software. They're not thinking about the programming in their gym. They're not offering diversified skill levels and different program options for people. And if you think about that stuff even on day 1 like we've done some consulting with people who had not even yet opened their gym and it took a little bit of ear bending and cajoling to get people to buy into this. But even before they opened up the gym, they're like okay we're going to start with an on-ramp class and we're going to ask people for personal training and we're going to have some business offer right out of the gate.

In addition to now if you're doing something that's kind of crossfit related or looks kind of crossfit-esque, like people more understand what that is and there's an inherent demand for that stuff. But right out of the gate, people are much more successful and there's much less work involved with them to be successful and there's an end stage of what it's like. Okay, I can quit my accounting job or I can retire out of the police force early and do this thing full time. So I really encourage people like it's a lot of work either way but if you do it smart it's a lot more benefit for you and you've got a lot more options.

I really feel like these well run gyms are they're the place of primary care medicine. You know, they change the world, they do enormous good in the world and so it's very, very frustrating for me when I see poorly run gyms because I know that they're at a high potentiality of failing eventually. That's painful for me because a well-run gym, we're able to create hubs of decentralized food networks and get connected with doctors and other healthcare practitioners and this stuff can really be an effective beachhead against kind of all of the stuff that I think everybody

on the podcast is concerned about. You know, sustainability and food production and health and the economy and all that sort of jive.

So its' really important on a big macro level and it's important on your individual level that you take all that stuff seriously. I'm trying to think of anything else that we should cover. Greg, can you think of anything?

Greg Everett: No, but I think it's a good point that both of you made that I think it's a huge mistake but also a really common one for people starting out to not understand kind of the importance and the benefit of really having a good plan, having those systems in place because that is what allows you to grow. So if you've got the right systems in place when you're small, you can grow kind of unfettered. If you are growing suddenly and you don't have those systems in place, all you're doing is spending time trying to catch up and you're losing a lot of that growth that you could have had otherwise if you were prepared for it.

So you know like Nicki said like Front Desk HQ for example is so freaking cheap to get started like you really don't have an excuse. But even if you are paying more money, you have to look at it as an investment. It's a long term investment. You can't expect to be getting rich day one and if that's your goal, you've to plan and have that stuff in place anyway. So quit making excuses.

Robb Wolf: You think of anything else, wife?

Nicki Violetti: No.

Robb Wolf: What say you wife?

Nicki Violetti: No but this has been fun. This has been fun. Maybe I'll have to come back on here another time.

Robb Wolf: You know, maybe what we'll do we'll throw out to folks, I know that folks will probably have some specific questions. Maybe they can even kind of describe their individual situations in their gym or their dog walking business or whatever it is or maybe have some specific questions about Front Desk HQ and maybe two months down the road we bring you back on we circle back around and tackle some of those specific questions.

**[0:55:14]**

Nicki Violetti: I'm happy to do it.

Robb Wolf: Cool.

Nicki Violetti: Yeah.

Robb Wolf: Right on. So Greg, the 100<sup>th</sup> issue of the Performance Menu is screaming forward. Is there anything else that folks need to know about?

Greg Everett: I don't think so.

Robb Wolf: Okay. Cool. Cool, cool, cool. All right. Well thanks guys. Episode 179 on the books. Bam.

Greg Everett: Yeah. Okay. Well –

[Laughter]

Robb Wolf: All right folks.

Greg Everett: On that note, --

[Crosstalk]

--actually Robb had something –

Nicki Violetti: ...is there like closing music or something?

Robb Wolf: No, no, just intro music. We haven't done the closing music.

Nicki Violetti: You need a closing music and then it just kind of makes it all good.

Robb Wolf: Some sort of tranquil like a piano bar music, closing out?

Greg Everett: Oh boy.

Robb Wolf: Sweet.

Greg Everett: Okay.

Robb Wolf: All right team, well thanks mate, we'll talk to you soon.

Greg Everett: Go home but you can't stay here. See you.

Nicki Violetti: Bye.

Robb Wolf: Bye.

**[0:56:07]**

**End of Audio**